

1 AN ACT  
2 RELATING TO CANNABIS; ENACTING THE CANNABIS REGULATION ACT;  
3 CREATING THE CANNABIS CONTROL DIVISION OF THE REGULATION AND  
4 LICENSING DEPARTMENT; PROVIDING POWERS AND DUTIES; SETTING  
5 LIMITATIONS ON SALES AND PURCHASES OF CANNABIS; PROVIDING FOR  
6 LICENSURE AND PERMITTING; TRANSFERRING LICENSING AUTHORITY  
7 UNDER THE LYNN AND ERIN COMPASSIONATE USE ACT TO THE CANNABIS  
8 CONTROL DIVISION; CREATING THE CANNABIS REGULATORY ADVISORY  
9 COMMITTEE; CREATING A FUND; AUTHORIZING THE REGULATION AND  
10 LICENSING DEPARTMENT TO ENTER INTO INTERGOVERNMENTAL  
11 AGREEMENTS WITH INDIAN NATIONS, TRIBES AND PUEBLOS; REQUIRING  
12 TRAINING FOR PERMITTEES; ENACTING THE CANNABIS TAX ACT;  
13 DISTRIBUTING A PORTION OF THE CANNABIS EXCISE TAX TO  
14 MUNICIPALITIES AND COUNTIES; REQUIRING REPORTING; PRESCRIBING  
15 PENALTIES; AMENDING, REPEALING AND ENACTING SECTIONS OF THE  
16 NMSA 1978.

17  
18 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

19 SECTION 1. SHORT TITLE.--Sections 1 through 42 of this  
20 act may be cited as the "Cannabis Regulation Act".

21 SECTION 2. DEFINITIONS.--As used in the Cannabis  
22 Regulation Act:

23 A. "advertisement":

24 (1) means a statement or a depiction that is  
25 intended to induce the purchase of cannabis products and that

1 is displayed in printed material or on a sign or other  
2 outdoor display or presented in a radio, television or other  
3 media broadcast or in digital media; and

4 (2) does not include:

5 (a) a sign or outdoor display or other  
6 statement permanently affixed to a licensed premises that is  
7 intended to induce the sale of a cannabis product produced or  
8 sold on the premises;

9 (b) a label affixed to a cannabis  
10 product or the covering, wrapper or container of a cannabis  
11 product; or

12 (c) an editorial or other material  
13 printed in a publication when the publication of the  
14 editorial or material was not paid for by a licensee and was  
15 not intended to promote the sale of cannabis products by a  
16 particular brand or company;

17 B. "cannabis":

18 (1) means all parts of the plant genus  
19 Cannabis containing a delta-9-tetrahydrocannabinol  
20 concentration of more than three-tenths percent on a dry  
21 weight basis, whether growing or not; the seeds of the plant;  
22 the resin extracted from any part of the plant; and every  
23 compound, manufacture, salt, derivative, mixture or  
24 preparation of the plant, its seeds or its resin; and

25 (2) does not include:

1 (a) the mature stalks of the plant;  
2 fiber produced from the stalks; oil or cake made from the  
3 seeds of the plant; any other compound, manufacture, salt,  
4 derivative, mixture or preparation of the mature stalks,  
5 fiber, oil or cake; or the sterilized seed of the plant that  
6 is incapable of germination; or

7 (b) the weight of any other ingredient  
8 combined with cannabis products to prepare topical or oral  
9 administrations, food, drink or another product;

10 C. "cannabis consumption area" means an area where  
11 cannabis products may be served and consumed;

12 D. "cannabis courier" means a person that  
13 transports cannabis products to qualified patients, primary  
14 caregivers or reciprocal participants or directly to  
15 consumers;

16 E. "cannabis establishment" means:

- 17 (1) a cannabis testing laboratory;  
18 (2) a cannabis manufacturer;  
19 (3) a cannabis producer;  
20 (4) a cannabis retailer;  
21 (5) a cannabis research laboratory;  
22 (6) a vertically integrated cannabis  
23 establishment;  
24 (7) a cannabis producer microbusiness; or  
25 (8) an integrated cannabis microbusiness;

1 F. "cannabis extract":

2 (1) means a product obtained by separating  
3 resins, tetrahydrocannabinols or other substances from  
4 cannabis by extraction methods approved by the division; and

5 (2) does not include the weight of any other  
6 ingredient combined with cannabis extract to prepare topical  
7 or oral administrations, food, drink or another product;

8 G. "cannabis flowers" means only the flowers of a  
9 cannabis plant;

10 H. "cannabis manufacturer" means a person that:

11 (1) manufactures cannabis products;

12 (2) packages cannabis products;

13 (3) has cannabis products tested by a  
14 cannabis testing laboratory; or

15 (4) purchases, acquires, sells or transports  
16 wholesale cannabis products to other cannabis establishments;

17 I. "cannabis producer" means a person that:

18 (1) cultivates cannabis plants;

19 (2) has unprocessed cannabis products tested  
20 by a cannabis testing laboratory;

21 (3) transports unprocessed cannabis products  
22 only to other cannabis establishments; or

23 (4) sells cannabis products wholesale;

24 J. "cannabis producer microbusiness" means a  
25 cannabis producer at a single licensed premises that

1 possesses no more than two hundred total mature cannabis  
2 plants at any one time;

3 K. "cannabis product" means a product that is or  
4 that contains cannabis or cannabis extract, including edible  
5 or topical products that may also contain other ingredients;

6 L. "cannabis research laboratory" means a facility  
7 that produces or possesses cannabis products and all parts of  
8 the plant genus Cannabis for the purpose of studying cannabis  
9 cultivation, characteristics or uses;

10 M. "cannabis retailer" means a person that sells  
11 cannabis products to qualified patients, primary caregivers  
12 or reciprocal participants or directly to consumers;

13 N. "cannabis server permit" means an authorization  
14 that allows a person to directly offer, sell or serve  
15 cannabis or cannabis products as part of commercial cannabis  
16 activity in a cannabis consumption area;

17 O. "cannabis server permit education provider"  
18 means a person that provides cannabis server education  
19 courses and examinations;

20 P. "cannabis testing laboratory" means a person  
21 that samples, collects and tests cannabis products and  
22 transports cannabis products for the purpose of testing;

23 Q. "cannabis training and education program" means  
24 a practical or academic curriculum offered by a New Mexico  
25 public post-secondary educational institution designed to

1 prepare students for participation in the cannabis industry;

2 R. "commercial cannabis activity":

3 (1) means the cultivation, production,  
4 possession, manufacture, storage, testing, researching,  
5 labeling, transportation, couriering, purchase for resale,  
6 sale or consignment of cannabis products; and

7 (2) does not include activities related only  
8 to the medical cannabis program, to cannabis training and  
9 education programs or to the personal cultivation or use of  
10 cannabis;

11 S. "consumer" means a person twenty-one years of  
12 age or older who purchases, acquires, owns, possesses or uses  
13 a cannabis product for a purpose other than resale;

14 T. "contaminant" means pesticides and other  
15 foreign material, such as hair, insects or other similar  
16 adulterants, in harvested cannabis;

17 U. "controlling person":

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

21 (2) does not include a bank or licensed  
22 lending institution;

23 V. "cultivation" means any activity involving the  
24 planting, growing, harvesting, drying, curing, grading or  
25 trimming of cannabis;

1           W. "department" means the regulation and licensing  
2 department;

3           X. "director" means the director of the division;

4           Y. "division" means the cannabis control division  
5 of the department;

6           Z. "dry weight basis", when used in the context of  
7 regulation of commercial cannabis activity, means a process  
8 by which delta-9-tetrahydrocannabinol concentration is  
9 measured relative to the aggregate weight of all parts of the  
10 plant genus Cannabis, whether growing or not, including the  
11 leaves of the plant, the flowers and buds of the plant, the  
12 seeds of the plant, the resin of the plant and the stalks of  
13 the plant at the point of harvest by a licensee and with no  
14 moisture added to the harvested plant;

15          AA. "facility" means a building, space or grounds  
16 licensed for the production, possession, testing,  
17 manufacturing or distribution of cannabis, cannabis extracts  
18 or cannabis products;

19          BB. "financial consideration" means value that is  
20 given or received, directly or indirectly, through sales,  
21 barter, trade, fees, charges, dues, contributions or  
22 donations;

23          CC. "homegrown" or "homemade" means grown or made  
24 for purposes that are not dependent or conditioned upon the  
25 provision or receipt of financial consideration;

1 DD. "household" means a housing unit and includes  
2 any place in or around the housing unit at which an occupant  
3 of the housing unit produces, manufactures, keeps or stores  
4 homegrown cannabis or homemade cannabis products;

5 EE. "immature cannabis plant" means a cannabis  
6 plant that has no observable flowers or buds;

7 FF. "industry standards" means the prevailing  
8 customary standards of business practice in the cannabis  
9 industry in jurisdictions within the United States;

10 GG. "integrated cannabis microbusiness" means a  
11 person that is authorized to conduct one or more of the  
12 following:

13 (1) production of cannabis at a single  
14 licensed premises; provided that the person shall not possess  
15 more than two hundred total mature cannabis plants at any one  
16 time;

17 (2) manufacture of cannabis products at a  
18 single licensed premises;

19 (3) sales and transportation of only  
20 cannabis products produced or manufactured by that person;

21 (4) operation of only one retail  
22 establishment; and

23 (5) couriering of cannabis products to  
24 qualified patients, primary caregivers or reciprocal  
25 participants or directly to consumers;



1 HH. "licensed premises" means a location that  
2 includes:

3 (1) all enclosed public and private areas at  
4 the location that are used in the business and includes  
5 offices, kitchens, restrooms and storerooms;

6 (2) all areas outside of a building that are  
7 specifically included in the license for the production,  
8 manufacturing, wholesale sale or retail sale of cannabis  
9 products; and

10 (3) with respect to a location that is  
11 specifically licensed for the production of cannabis outside  
12 of a building, the entire unit of land that is created by  
13 subsection or partition of land that the licensee owns,  
14 leases or has a right to occupy;

15 II. "local jurisdiction" means a municipality,  
16 home rule municipality or county;

17 JJ. "manufacture" means to compound, blend,  
18 extract, infuse, package or otherwise prepare a cannabis  
19 product;

20 KK. "medical cannabis" means cannabis products  
21 used by a qualified patient or reciprocal participant in  
22 accordance with the Lynn and Erin Compassionate Use Act;

23 LL. "medical cannabis program" means the program  
24 created pursuant to the Lynn and Erin Compassionate Use Act;

25 MM. "medical cannabis registry" means the system

1 by which the department of health approves or denies  
2 applications and issues and renews registry identification  
3 cards for qualified patients;

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

9 OO. "public place" means a place to which the  
10 general public has access and includes hallways, lobbies and  
11 other parts of apartment houses and hotels that do not  
12 constitute rooms or apartments designed for actual residence;  
13 highways; streets; schools; places of amusement; parks;  
14 playgrounds; and places used in connection with public  
15 passenger transportation;

16 PP. "qualified patient" means a resident of New  
17 Mexico who holds a registry identification card pursuant to  
18 the Lynn and Erin Compassionate Use Act;

19 QQ. "reciprocal participant" means a person who is  
20 not a resident of New Mexico and who holds proof of  
21 enrollment by a governmental regulatory authority to  
22 participate in the medical cannabis program of another state  
23 of the United States, the District of Columbia or a territory  
24 or commonwealth of the United States in which the person  
25 resides or a person who holds proof of enrollment by a

1 governmental regulatory authority of a New Mexico Indian  
2 nation, tribe or pueblo to participate in its medical  
3 cannabis program;

4 RR. "retail establishment" means a location at  
5 which cannabis products are sold to qualified patients,  
6 primary caregivers and reciprocal participants and directly  
7 to consumers;

8 SS. "superintendent" means the superintendent of  
9 regulation and licensing;

10 TT. "unprocessed" means unaltered from an  
11 original, raw or natural state; and

12 UU. "vertically integrated cannabis establishment"  
13 means a person that is authorized to act as any of the  
14 following:

- 15 (1) a cannabis courier;
- 16 (2) a cannabis manufacturer;
- 17 (3) a cannabis producer; and
- 18 (4) a cannabis retailer.

19 SECTION 3. DIVISION--POWERS AND DUTIES--RULEMAKING--  
20 ADVISORY COMMITTEE CREATED--MEMBERSHIP--DUTIES.--

21 A. The "cannabis control division" is created in  
22 the department to administer the Cannabis Regulation Act and  
23 the licensing provisions of the Lynn and Erin Compassionate  
24 Use Act and rules promulgated in accordance with those acts.  
25 Rules shall be adopted and promulgated as provided in the

1 State Rules Act.

2 B. No later than January 1, 2022, the division  
3 shall promulgate rules that are consistent with industry  
4 standards necessary for the division to carry out its duties  
5 pursuant to the Cannabis Regulation Act as follows:

6 (1) qualifications and procedures for  
7 licensure; provided that qualifications shall be directly and  
8 demonstrably related to the operation of the applicable  
9 cannabis establishment;

10 (2) security requirements for a cannabis  
11 establishment;

12 (3) requirements related to:

13 (a) inspection and monitoring of a  
14 cannabis establishment;

15 (b) a cannabis establishment's  
16 recordkeeping and tracking of cannabis from seed until sale;

17 (c) prevention of the sale or diversion  
18 of cannabis products in commercial cannabis activity to a  
19 person under the age of twenty-one;

20 (d) labeling of cannabis products  
21 packaged, sold or distributed by a cannabis establishment;  
22 and

23 (e) language for labels of cannabis  
24 products regarding potential adverse effects;

25 (4) rules providing that:

1 (a) a person who is twenty-one years  
2 old or older shall not purchase more than two ounces of  
3 cannabis, sixteen grams of cannabis extract and eight hundred  
4 milligrams of edible cannabis at one time; and

5 (b) as to commercial cannabis activity:

6 1) a consumer shall not possess more than two ounces of  
7 cannabis, sixteen grams of cannabis extract and eight hundred  
8 milligrams of edible cannabis outside the consumer's private  
9 residence; 2) any cannabis in excess of the amounts described  
10 in Item 1) of this subparagraph shall be stored in the  
11 person's residence and shall not be visible from a public  
12 place; and 3) the division shall not limit the amount of  
13 tetrahydrocannabinol concentration in a cannabis product;  
14 provided that the division may adopt requirements for  
15 apportionment and packaging of cannabis products;

16 (5) rules on advertising and marketing of  
17 cannabis products;

18 (6) rules on how a licensee may display  
19 cannabis products for sale;

20 (7) procedures that promote and encourage  
21 full participation in the cannabis industry governed by the  
22 Cannabis Regulation Act by representatives of communities  
23 that have been disproportionately harmed by rates of arrest  
24 through the enforcement of cannabis prohibitions in law and  
25 policy, rural communities likely to be impacted by cannabis

1 production and agricultural producers from economically  
2 disadvantaged communities;

3 (8) procedures that promote and encourage  
4 racial, ethnic, gender and geographic diversity and New  
5 Mexico residency among license applicants, licensees and  
6 cannabis industry employees;

7 (9) rules for a certification process to  
8 identify cannabis products for consumers from integrated  
9 cannabis microbusinesses or cannabis producer microbusinesses  
10 or owned by representatives of communities that have been  
11 disproportionately harmed by rates of arrest through the  
12 enforcement of cannabis prohibitions in law and policy and  
13 underserved communities that include tribal, acequia, land  
14 grant-merced and other rural historic communities;

15 (10) in consultation with the economic  
16 development department, development of a technical assistance  
17 resource guide for rural New Mexico residents who are seeking  
18 to establish vertically integrated cannabis establishments,  
19 cannabis producer microbusinesses or integrated cannabis  
20 microbusinesses;

21 (11) in consultation with the department of  
22 environment, rules to establish:

23 (a) health and safety standards  
24 applicable to the research, production and manufacture of  
25 cannabis products;

1 (b) standards for food and product  
2 safety applicable to cannabis products; and

3 (c) which additives are approved for  
4 and prohibited from inclusion in cannabis products; provided  
5 that nicotine shall be prohibited;

6 (12) in consultation with the New Mexico  
7 department of agriculture and the department of environment,  
8 rules to establish standards for quality control, inspection  
9 and testing of cannabis products for potency and  
10 contaminants, except for cannabis produced or harvested for  
11 research purposes and not for ingestion; provided that all  
12 such rules and standards shall be consistent with the rules  
13 and standards for testing of medical cannabis products; and

14 (13) in consultation with the state fire  
15 marshal's office of the homeland security and emergency  
16 management department, rules with regard to health and  
17 safety.

18 C. No later than January 1, 2022, the division  
19 shall promulgate rules that are consistent with industry  
20 standards relating to cannabis training and education  
21 programs, including:

22 (1) qualifications and procedures for  
23 licensure; and

24 (2) physical security, cybersecurity and, if  
25 applicable, security of information collected under the

1 federal Health Insurance Portability and Accountability Act  
2 of 1996 requirements.

3 D. No later than January 1, 2022, the division  
4 shall promulgate rules in consultation with the New Mexico  
5 department of agriculture, the department of environment and  
6 the office of the state engineer to establish:

7 (1) environmental protections; and

8 (2) protocols to ensure licensees'  
9 compliance with state and local laws and ordinances governing  
10 food and product safety, occupational health and safety,  
11 environmental impacts, natural resource protection, water use  
12 and quality, water supply, hazardous materials, pesticide use  
13 and wastewater discharge.

14 E. No later than January 1, 2022, the division  
15 shall adopt rules in consultation with the department of  
16 health to establish standards and determinations on  
17 requirements for reserving cannabis products for sale to  
18 qualified patients, primary caregivers and reciprocal  
19 participants.

20 F. The division shall collect and publish annually  
21 on the division's website, and present to the appropriate  
22 interim committee of the legislature, a report describing  
23 demographic data on license applicants, controlling persons  
24 and employees of cannabis establishments, including race,  
25 ethnicity, gender, age, residential status and whether the



1 applicants, persons, employees or the locations where the  
2 cannabis products are produced, manufactured, sold, tested or  
3 researched are located in an underserved rural community,  
4 including tribal, acequia, land grant-merced or other rural  
5 historic communities.

6 G. The "cannabis regulatory advisory committee"  
7 shall be created no later than September 1, 2021. The  
8 committee shall advise the division on the development of  
9 rules pursuant to the Cannabis Regulation Act, including best  
10 practices and the promotion of economic and cultural  
11 diversity in licensing and employment opportunities and  
12 protection of public health and safety while ensuring a  
13 regulated environment for commercial cannabis activity that  
14 does not impose unreasonable barriers that would perpetuate,  
15 rather than reduce and eliminate, the illicit market for  
16 cannabis. A person appointed to the cannabis regulatory  
17 advisory committee shall not hold any ownership interest or  
18 investment in a licensed person pursuant to the Cannabis  
19 Regulation Act; provided that the superintendent may appoint  
20 a person who holds an ownership interest in a licensed person  
21 as a nonvoting member. The committee shall consist of the  
22 following members:

23 (1) the chief public defender or the chief  
24 public defender's designee;

25 (2) a district attorney appointed by the New  
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1 Mexico district attorney association;

2 (3) a municipal police chief appointed by  
3 the New Mexico association of chiefs of police;

4 (4) a county sheriff appointed by the  
5 executive director of the New Mexico association of counties;  
6 and

7 (5) one member for each of the following  
8 groups or professional qualifications, appointed by the  
9 superintendent:

10 (a) a cannabis policy advocacy  
11 organization;

12 (b) a labor organization;

13 (c) a qualified patient;

14 (d) a state or local agency with  
15 relevant expertise as the director and the superintendent  
16 deem appropriate;

17 (e) an Indian nation, tribe or pueblo  
18 with relevant expertise as the director and the  
19 superintendent deem appropriate;

20 (f) expertise in public health;

21 (g) expertise in regulating commercial  
22 activity for adult-use intoxicating substances;

23 (h) expertise and experience in  
24 cannabis laboratory science;

25 (i) expertise in environmental science; HB 2/a  
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1 (j) expertise in small business  
2 development;  
3 (k) expertise in water resources;  
4 (l) expertise in other relevant areas  
5 as the director and the superintendent deem appropriate; and  
6 (m) previous experience as a cannabis  
7 retailer, cannabis producer or cannabis manufacturer and who  
8 is a nonvoting member.

9 H. The cannabis regulatory advisory committee  
10 shall elect from among its members a chair and such other  
11 officers as it deems necessary. The committee shall meet at  
12 the call of the chair, the director or the superintendent. A  
13 majority of members currently serving constitutes a quorum  
14 for the conduct of business. Members shall serve at the  
15 pleasure of the superintendent.

16 I. Public voting members of the cannabis  
17 regulatory advisory committee are entitled to receive per  
18 diem and mileage as provided for state employees pursuant to  
19 the Per Diem and Mileage Act and shall receive no other  
20 compensation, perquisite or allowance.

21 J. The division shall:

22 (1) monitor the supply and demand of  
23 cannabis products produced in New Mexico by licensees and  
24 present annually to the appropriate interim committee of the  
25 legislature the impacts of supply on illicit cannabis

1 products markets and adequate supply of cannabis products for  
2 qualified patients and reciprocal participants;

3 (2) request the department of public safety  
4 to enforce the provisions of the Cannabis Regulation Act as  
5 deemed necessary; and

6 (3) undertake studies and conduct courses of  
7 instruction for division employees that will improve the  
8 operations of the division and advance its purposes.

9 SECTION 4. DEPARTMENT OF HEALTH--DUTIES--PUBLIC HEALTH  
10 AND SAFETY ADVISORY COMMITTEE.--

11 A. The department of health shall monitor emerging  
12 scientific and medical information relevant to the health  
13 effects associated with the use of cannabis products and  
14 shall monitor changes in cannabis product use, opioid use and  
15 alcohol use patterns for children and adults within the  
16 state, broken down by county, race and ethnicity.

17 B. No later than September 1, 2021, the secretary  
18 of health shall appoint a "public health and safety advisory  
19 committee" composed of no more than fifteen professionals  
20 with expertise related to cannabis products through work,  
21 training or research in public health, epidemiology,  
22 medicine, medical toxicology, poison control, road safety,  
23 occupational safety, environmental safety and emergency  
24 medicine.

25 C. Beginning December 1, 2024, the public health

1 and safety advisory committee shall provide to the  
2 legislature, and the department of health shall publish on  
3 its website, an annual report on the health effects of  
4 legalizing cannabis products for adult use. The report shall  
5 include the following elements relating to cannabis product  
6 use and, as applicable, the demographics of persons who are  
7 the subject of an element:

- 8 (1) child access;
- 9 (2) road safety and driving while impaired;
- 10 (3) workplace safety;
- 11 (4) the percentage of emergency room visits  
12 and outcomes;
- 13 (5) educational needs for children and  
14 adults;
- 15 (6) consumer and product safety;
- 16 (7) the percentage of poison control center  
17 calls; and
- 18 (8) the impact of cannabis use on rates of  
19 alcohol, opioid and other substance abuse.

20 D. In consultation with qualified patients and  
21 primary caregivers, the department of health shall publish an  
22 annual assessment report that shall include at a minimum an  
23 evaluation of the affordability and accessibility of medical  
24 cannabis.

25 E. Public members of the public health and safety

1 advisory committee are entitled to per diem and mileage as  
2 provided for state employees pursuant to the Per Diem and  
3 Mileage Act and shall receive no other compensation,  
4 perquisite or allowance.

5 SECTION 5. DEPARTMENT OF HEALTH--DUTIES--TRANSFER OF  
6 LICENSING DUTIES.--Except for administration of the medical  
7 cannabis registry, the power, duty and authority of the  
8 department of health related to the medical cannabis program  
9 shall be transferred to the division on the effective date of  
10 the Cannabis Regulation Act.

11 SECTION 6. LICENSING CANNABIS ACTIVITIES--  
12 LIMITATIONS--MEDICAL CANNABIS LEGACY LICENSING--CANNABIS  
13 SHORTAGE FOR MEDICAL PROGRAM.--

14 A. The division shall regulate and administer and  
15 may collect fees in connection with the administration of:

16 (1) commercial cannabis activity and  
17 licensing related to commercial cannabis activity;

18 (2) the medical cannabis program, except for  
19 the medical cannabis registry; and

20 (3) all aspects of cannabis relating to  
21 cannabis training and education programs.

22 B. The division shall follow the provisions of the  
23 Uniform Licensing Act when licensing or permitting the  
24 following:

25 (1) cannabis consumption areas;

1 (2) cannabis couriers;  
2 (3) cannabis manufacturers;  
3 (4) cannabis producer microbusinesses;  
4 (5) cannabis producers;  
5 (6) cannabis research laboratories;  
6 (7) cannabis retailers;  
7 (8) cannabis servers;  
8 (9) cannabis testing laboratories;  
9 (10) cannabis training and education  
10 programs;  
11 (11) integrated cannabis microbusinesses;  
12 and  
13 (12) vertically integrated cannabis  
14 establishments.

15 C. The division shall include a clear designation  
16 on all licenses and permits that indicates whether the  
17 license or permit is for medical cannabis activity,  
18 commercial cannabis activity or both or for cannabis training  
19 and education programs.

20 D. The division shall issue a license to a  
21 cannabis retailer applicant at a discount if the applicant  
22 provides documentation of an agreement to accept cannabis  
23 products on consignment from a cannabis producer  
24 microbusiness or an integrated cannabis microbusiness  
25 licensed pursuant the Cannabis Regulation Act.

1           E. A license is valid for twelve months from the  
2 date the license is issued and may be renewed annually,  
3 except that a license issued for a cannabis training and  
4 education program is valid until terminated by the licensee  
5 or suspended or revoked by the division.

6           F. The director shall not renew a license issued  
7 pursuant to the provisions of the Cannabis Regulation Act  
8 until the director receives notification from the secretary  
9 of taxation and revenue or the secretary's designee that on a  
10 certain date:

11                   (1) the licensee is not a delinquent  
12 taxpayer; and

13                   (2) there are no unfiled tax returns due  
14 from engaging in business authorized by the license.

15           G. No license shall be transferable or assignable  
16 from a licensee to another person. The division shall not  
17 allow a person that is licensed as any type of cannabis  
18 establishment other than a cannabis research laboratory to  
19 hold, directly or indirectly, a cannabis testing laboratory  
20 license.

21           H. Except for verification of age, the division  
22 shall not require licensees to request information from  
23 consumers or impose any residency requirement upon consumers  
24 for the purchase of cannabis products pursuant to the  
25 commercial cannabis activity authorized by the Cannabis



1 Regulation Act. The division may require licensees to  
2 request information from consumers for the purchase of  
3 cannabis products pursuant to the medical cannabis program,  
4 which may include the presentation of legal identification  
5 issued by an authorized governmental entity or other  
6 documents as required by the medical cannabis program.

7 I. Except as otherwise provided in the Cannabis  
8 Regulation Act, the division shall not limit the number of  
9 licensed premises a licensee may occupy or operate under a  
10 license. Multiple licensees may occupy a single licensed  
11 premises, and the division shall not place any restriction or  
12 prohibition on the number of licensees occupying a single  
13 licensed premises or on the number of licensed premises of a  
14 cannabis establishment except as otherwise specifically  
15 provided for by the Cannabis Regulation Act. A licensee may  
16 conduct any lawful activity or any combination of lawful  
17 activities at a licensed premises; provided that the licensee  
18 is not a licensee pursuant to the Liquor Control Act.

19 Smoking in a cannabis consumption area on a licensed premises  
20 shall be allowed only if the cannabis consumption area is in  
21 a designated smoking area or in a standalone building from  
22 which smoke does not infiltrate other indoor workplaces or  
23 other indoor public places where smoking is otherwise  
24 prohibited pursuant to the Dee Johnson Clean Indoor Air Act.

25 J. Licensees are specifically allowed to conduct

1 other licensed activities, including activities pursuant to  
2 the Hemp Manufacturing Act, except for sales of alcoholic  
3 beverages.

4 K. A person properly licensed and in good standing  
5 pursuant to the Lynn and Erin Compassionate Use Act on the  
6 effective date of the Cannabis Regulation Act may continue to  
7 operate under that license for medical cannabis until  
8 comparable licenses for commercial cannabis activity are  
9 available. The division shall determine when retail sales of  
10 commercial cannabis products begin, but no later than April  
11 1, 2022. A facility of such a licensee, upon issuance of the  
12 applicable cannabis establishment license, shall constitute  
13 licensed premises of the licensee and the licensee shall be  
14 entitled to continued and uninterrupted operations of the  
15 licensed premises. As to activity under the medical cannabis  
16 program, the licensee shall continue to operate under rules  
17 promulgated for the medical cannabis program until the  
18 division promulgates rules for medical cannabis activity,  
19 except that a qualified patient, a primary caregiver and a  
20 reciprocal participant shall not be prohibited from  
21 purchasing and obtaining cannabis products pursuant to the  
22 medical cannabis program.

23 L. To address a shortage of cannabis supply in the  
24 medical cannabis program, the division may:

25 (1) require all cannabis establishment

1 licensees to ensure that at least ten percent of their  
2 cannabis in stock on a monthly basis is designated for sale  
3 to qualified patients, primary caregivers and reciprocal  
4 participants;

5 (2) initially take reasonable measures to  
6 expeditiously incentivize increased production of cannabis  
7 plants to remedy a shortage of cannabis supply in the medical  
8 cannabis program;

9 (3) after having first exhausted measures to  
10 increase production of cannabis plants to address the  
11 shortage of cannabis supply in the medical cannabis program,  
12 exclude commercial cannabis activity from the scope of new  
13 licenses issued to initial applicants for a vertically  
14 integrated cannabis establishment, cannabis producer,  
15 integrated cannabis microbusiness, cannabis producer  
16 microbusiness or cannabis manufacturer license, which  
17 limitation shall be in force for a period of at least six  
18 months; and

19 (4) require licensees who are licensed to  
20 produce cannabis to produce a specified quota of mature  
21 cannabis plants to be designated for use in the medical  
22 cannabis program; provided that:

23 (a) the division may require a licensee  
24 to devote no more than twenty-five percent of the licensee's  
25 cultivated cannabis plants on a monthly basis for use in the

1 medical cannabis program; and

2 (b) the division may require specific  
3 tracking of cannabis plants.

4 M. As used in this section, "shortage of cannabis  
5 supply in the medical cannabis program" means that the  
6 average number of cannabis plants in production in the  
7 medical cannabis program per qualified patient after the  
8 effective date of the Cannabis Regulation Act is  
9 substantially less than the average number of cannabis plants  
10 in production in the medical cannabis program per qualified  
11 patient as of the effective date of the Cannabis Regulation  
12 Act, where:

13 (1) the average number of cannabis plants in  
14 production after the effective date of the Cannabis  
15 Regulation Act is measured over a period of three consecutive  
16 months; and

17 (2) the average number of cannabis plants in  
18 production as of the effective date of the Cannabis  
19 Regulation Act is measured over a period of three consecutive  
20 months immediately preceding the effective date of the  
21 Cannabis Regulation Act.

22 N. A person who is a member of the New Mexico  
23 senate or the New Mexico house of representatives on the  
24 effective date of the Cannabis Regulation Act shall not apply  
25 for or be granted a license to engage in any commercial

1 cannabis activity prior to July 1, 2026.

2 SECTION 7. COMMERCIAL CANNABIS ACTIVITY

3 LICENSING--APPLICATION--ISSUANCE AND DENIAL OF A LICENSE.--

4 A. A license issued pursuant to the Cannabis  
5 Regulation Act shall not be subject to execution, attachment,  
6 a security transaction, liens or receivership.

7 B. In carrying out its commercial cannabis  
8 activity licensing duties, the division shall:

9 (1) no later than September 1, 2021, accept  
10 and begin processing license applications for cannabis  
11 producers, cannabis producer microbusinesses and any person  
12 properly licensed and in good standing as a licensed cannabis  
13 producer pursuant to the Lynn and Erin Compassionate Use Act;

14 (2) no later than January 1, 2022, accept  
15 and begin processing license applications for all license  
16 types;

17 (3) require as a condition of licensing  
18 pursuant to the Cannabis Regulation Act that the applicant  
19 demonstrate that the applicant has a legal right to a  
20 commercial water supply, water rights or another source of  
21 water sufficient to meet the water needs as determined by the  
22 division related to the license as evidenced by documentation  
23 from the office of the state engineer of a valid water right  
24 or from a water provider that the use of water for cannabis  
25 production is compliant with that water provider's rules;

1                   (4) if an applicant applies for a cannabis  
2 producer license or a cannabis manufacturer license, in  
3 addition to the requirements in Paragraph (3) of this  
4 subsection, require that the applicant submit a plan to use,  
5 or demonstrate to the division that the applicant cannot  
6 feasibly use, energy and water reduction opportunities,  
7 including:

8                               (a) for a cannabis producer, drip  
9 irrigation and water collection;

10                              (b) natural lighting and energy  
11 efficiency measures; and

12                              (c) renewable energy generation; and

13                   (5) allow commercial cannabis activity  
14 retail sales no later than April 1, 2022 and otherwise allow  
15 activities authorized by the Cannabis Regulation Act or the  
16 medical cannabis program as of the time of licensure of a  
17 licensee, so long as a minimum of twenty-five percent of  
18 monthly cannabis sales are to qualified patients, primary  
19 caregivers and reciprocal participants or sold wholesale to  
20 other licensees that meet or exceed the twenty-five percent  
21 sales to qualified patients, primary caregivers and  
22 reciprocal participants until December 31, 2022.

23                   C. Once the division deems an application  
24 complete, the division has ninety days to issue or deny a  
25 license application.

1           D. The division shall deny an application for an  
2 initial license or renewal if:

3                 (1) the application does not include  
4 information required by the division; or

5                 (2) the applicant or a controlling person of  
6 the applicant has been convicted of an offense that is  
7 substantially related to the qualifications, functions or  
8 duties of the applicant's business; provided that if the  
9 division determines that the applicant or controlling person  
10 is otherwise qualified for a license and that issuing a  
11 license to the applicant would not compromise public safety,  
12 the division shall conduct a thorough review of the  
13 conviction, including the nature of the offense, surrounding  
14 circumstances and any evidence of the applicant's or  
15 controlling person's rehabilitation following the conviction,  
16 and based on that review, determine whether the applicant  
17 should be issued a license.

18           E. For purposes of Subsection D of this section,  
19 the following are considered substantially related to the  
20 qualifications, functions or duties of a person seeking a  
21 license:

22                 (1) a felony conviction involving fraud,  
23 deceit or embezzlement;

24                 (2) a felony conviction for hiring,  
25 employing or otherwise using a person younger than eighteen

1 years of age to:

2 (a) prepare for sale, transport or  
3 carry a controlled substance; or

4 (b) sell, give away or offer to sell a  
5 controlled substance to any person; and

6 (3) any other offense as determined by the  
7 division.

8 F. A conviction for which the related sentence,  
9 including any term of probation or parole, is completed for  
10 the possession, use, manufacture, distribution or dispensing  
11 or the possession with the intent to manufacture, distribute  
12 or dispense cannabis is not considered substantially related  
13 to the qualifications, functions or duties of a person  
14 seeking a license and shall not be the sole ground on which  
15 an application is denied. The division shall comply with the  
16 provisions of the Criminal Offender Employment Act.

17 G. The division shall deny an application if an  
18 applicant, a controlling person or the premises for which a  
19 license is sought does not qualify for licensure pursuant to  
20 the Cannabis Regulation Act.

21 H. The division shall not license a person who has  
22 had a license that was issued pursuant to the Cannabis  
23 Regulation Act or the Lynn and Erin Compassionate Use Act  
24 revoked by the division or the department of health in the  
25 three years immediately preceding the date on which the



1 person filed a new application.

2 I. Unless otherwise provided in the Cannabis  
3 Regulation Act, a person whose license has been revoked may  
4 reapply for a license after a period of three years. The  
5 division may consider all of the circumstances resulting in  
6 the revocation in determining whether to issue a new license.

7 J. The division shall adopt rules providing for  
8 submission of an applicant's fingerprints to the federal  
9 bureau of investigation to conduct a national criminal  
10 history background check and to the department of public  
11 safety to conduct a state criminal history check for the  
12 following licensees:

- 13 (1) cannabis manufacturer;
- 14 (2) cannabis producer;
- 15 (3) cannabis producer microbusiness;
- 16 (4) cannabis research laboratory;
- 17 (5) cannabis retailer;
- 18 (6) cannabis testing laboratory;
- 19 (7) integrated cannabis microbusiness; and
- 20 (8) vertically integrated cannabis  
21 establishment.

22 K. The division shall conduct national criminal  
23 history background checks and state criminal history checks  
24 on the following:

- 25 (1) if an applicant is a limited

1 partnership, each partner of the limited partnership;

2 (2) if the applicant is a limited liability  
3 company, each member of the limited liability company;

4 (3) if the applicant is a corporation, each  
5 director and officer of the corporation; and

6 (4) any controlling person of the applicant.

7 L. Arrest record information received from the  
8 federal bureau of investigation and the department of public  
9 safety shall be confidential, shall not be considered a  
10 public record pursuant to the Public Records Act and shall  
11 not be disclosed to persons not directly involved in the  
12 decision affecting the applicant.

13 M. Electronic live fingerprint scans may be used  
14 when conducting criminal history background checks.

15 **SECTION 8. LICENSEES--DISCIPLINARY ACTIONS--SANCTIONS--**  
16 **CIVIL PENALTY.--**

17 A. A violation of the provisions of the Cannabis  
18 Regulation Act by a licensee is grounds for disciplinary  
19 action.

20 B. The division may:

21 (1) impose an intermediate sanction  
22 established by rule;

23 (2) impose a directed plan of correction;

24 (3) assess a civil monetary penalty  
25 established by rule; provided that a civil monetary penalty

1 shall not exceed ten thousand dollars (\$10,000) per  
2 violation; and provided further that penalties and interest  
3 recovered pursuant to the Cannabis Regulation Act on behalf  
4 of the state shall be remitted to the state treasurer for  
5 deposit in the current school fund; or

6 (4) suspend or revoke the license.

7 C. The division shall promulgate rules specifying  
8 the criteria for imposition of sanctions and civil monetary  
9 penalties.

10 D. The provisions of this section do not apply to  
11 occupational health and safety rules promulgated pursuant to  
12 Section 3 of the Cannabis Regulation Act.

13 E. A person aggrieved by an action taken by the  
14 division pursuant to this section may request and receive a  
15 hearing with the superintendent for the purpose of reviewing  
16 the action in accordance with the Uniform Licensing Act.

17 **SECTION 9. APPLICATION AND LICENSING FEES.--**

18 A. Every application for the issuance or renewal  
19 of the following licenses shall be accompanied by a license  
20 fee in the following specified amounts:

21 (1) a cannabis courier license, up to one  
22 thousand five hundred dollars (\$1,500) per year and an  
23 additional fee of up to one thousand dollars (\$1,000) per  
24 year for each additional licensed premises of the licensee;

25 (2) a cannabis testing laboratory license,

1 up to two thousand five hundred dollars (\$2,500) per year and  
2 an additional fee of up to one thousand dollars (\$1,000) per  
3 year for each additional licensed premises of the licensee;

4 (3) a cannabis manufacturer license, two  
5 thousand five hundred dollars (\$2,500) per year and an  
6 additional fee of one thousand dollars (\$1,000) per year for  
7 each additional licensed premises of the licensee;

8 (4) a cannabis producer license, two  
9 thousand five hundred dollars (\$2,500) per year and an  
10 additional fee of one thousand dollars (\$1,000) per year for  
11 each additional licensed premises of the licensee;

12 (5) a cannabis retailer license, two  
13 thousand five hundred dollars (\$2,500) per year and an  
14 additional fee of one thousand dollars (\$1,000) per year for  
15 each additional licensed premises of the licensee;

16 (6) a cannabis research laboratory license,  
17 two thousand five hundred dollars (\$2,500) per year and an  
18 additional fee of one thousand dollars (\$1,000) per year for  
19 each additional licensed premises of the licensee;

20 (7) a vertically integrated cannabis  
21 establishment license, seven thousand five hundred dollars  
22 (\$7,500) per year and an additional fee of one thousand  
23 dollars (\$1,000) per year for each licensed premises of the  
24 licensee;

25 (8) a cannabis producer microbusiness

1 license, up to one thousand dollars (\$1,000) per year;

2 (9) an integrated cannabis microbusiness  
3 license, up to two thousand five hundred dollars (\$2,500) per  
4 year and an additional fee of five hundred dollars (\$500) per  
5 year for each licensed premises of the licensee; and

6 (10) a cannabis consumption area, up to two  
7 thousand five hundred dollars (\$2,500) per year.

8 B. Except for cannabis producer microbusinesses  
9 and integrated cannabis microbusinesses, a licensee  
10 cultivating cannabis plants shall be assessed an additional  
11 annual fee no greater than fifty dollars (\$50.00) per mature  
12 cannabis plant at the time of licensing or renewal.

13 C. A licensee may increase the number of mature  
14 plants licensed at the time of renewal and one other time per  
15 year in increments of five hundred mature plants. Fees may  
16 be prorated for the remainder of the licensing year.

17 D. The initial application fee and the annual  
18 renewal fee for a vertically integrated cannabis  
19 establishment license shall not exceed one hundred twenty-  
20 five thousand dollars (\$125,000) for a license for both  
21 medical cannabis activity and commercial cannabis activity.  
22 The initial application fee and the annual renewal fee for a  
23 license or renewal of a license that authorizes only medical  
24 cannabis activity shall be one-half the fee applicable to a  
25 license authorizing both medical cannabis activity and

1 commercial cannabis activity.

2 E. If a cannabis producer microbusiness or an  
3 integrated cannabis microbusiness enters into a business  
4 arrangement with another licensee with the purpose or having  
5 the effect of evading the limitations of the licensee's  
6 license, such licensee shall not be eligible for the lower  
7 fee prescribed in Subsection A of this section and shall pay  
8 the per-plant fee prescribed in Subsection B of this section.

9 F. The division shall collect all renewal fees,  
10 including the renewal fees for all licensed premises, at the  
11 time of renewal of a license.

12 G. The fee for the issuance of a cannabis server  
13 permit shall not exceed thirty-five dollars (\$35.00).

14 H. The division shall deposit all fees collected  
15 pursuant to the Cannabis Regulation Act in the cannabis  
16 regulation fund.

17 **SECTION 10. CANNABIS TRAINING AND EDUCATION PROGRAM**  
18 **LICENSING--SANCTIONS.--**

19 A. The division shall begin licensing cannabis  
20 training and education programs no later than January 1,  
21 2022.

22 B. The division may suspend a license for repeated  
23 violations of the same serious and substantial rule  
24 promulgated pursuant to the Cannabis Regulation Act  
25 pertaining to public health and safety.

1           SECTION 11. CANNABIS SERVER PERMITS--CANNABIS  
2 SERVERS--PERMIT REQUIRED--APPLICATIONS--EDUCATION PROGRAM  
3 APPROVAL REQUIRED--ISSUANCE OR DENIAL OF A PERMIT OR  
4 APPROVAL--PENALTIES.--

5           A. The division shall promulgate rules consistent  
6 with this section and industry standards for issuance of a  
7 cannabis server permit and licenses for a cannabis  
8 consumption area. A cannabis research laboratory or an  
9 employee of the laboratory is not required to obtain or  
10 possess a cannabis server permit while performing activities  
11 authorized pursuant to a cannabis research laboratory.

12           B. The division shall issue cannabis server  
13 permits to persons twenty-one years of age or older who  
14 satisfy the requirements of this section and rules  
15 promulgated by the division. An applicant shall provide  
16 proof of satisfactory completion of a program provided by a  
17 cannabis server permit education provider approved by the  
18 division. A person shall not be employed as a cannabis  
19 server on a licensed premises unless that person obtains a  
20 cannabis server permit within thirty days of employment.

21           C. The cannabis server education program  
22 curriculum shall include the following subjects:

23                 (1) the effect cannabis products have on the  
24 body and behavior, including the effect on a person's ability  
25 to operate a motor vehicle when under the influence of

1 cannabis products;

2 (2) the effect cannabis products have on a  
3 person when used in combination with alcohol or legal or  
4 illegal drugs;

5 (3) state laws concerning cannabis  
6 licensure, cannabis liability issues and driving under the  
7 influence of cannabis;

8 (4) methods of recognizing problem cannabis  
9 product users and techniques for intervening with problem  
10 cannabis product users;

11 (5) methods of identifying false driver's  
12 licenses and other documents used as evidence of age and  
13 identity to prevent the sale of cannabis products to a person  
14 under twenty-one years of age pursuant to the Cannabis  
15 Regulation Act; and

16 (6) harm reduction practices related to  
17 cannabis use.

18 D. A cannabis server permit is the property of the  
19 state and shall be immediately returned to the division upon  
20 suspension or revocation or denial of renewal of a permit.

21 E. Cannabis server permits shall be valid for a  
22 period of three years from the date the permit is issued and  
23 may be renewed upon providing proof that the permit holder  
24 has successfully completed up to four and one-half hours of  
25 continuing education and an examination as determined by the



1 division.

2 F. In addition to any other penalties provided by  
3 law, the following penalties may be imposed for sales,  
4 service or dispensing a cannabis product to a person under  
5 twenty-one years of age in violation of the provisions of the  
6 Cannabis Regulation Act or rules of the division:

7 (1) the division may suspend a cannabis  
8 server permit for a period of thirty days if the director  
9 finds that the cannabis server is guilty of a first offense  
10 of selling, serving or dispensing a cannabis product to a  
11 person under twenty-one years of age;

12 (2) the division shall suspend a cannabis  
13 server permit for a period of one year when the division  
14 finds that the cannabis server is guilty of a second offense  
15 of selling, serving or dispensing a cannabis product to a  
16 person under twenty-one years of age in violation of the  
17 Cannabis Regulation Act arising separately from the incident  
18 giving rise to the cannabis server's first offense;

19 (3) the division shall permanently revoke a  
20 cannabis server permit when it finds that the cannabis server  
21 is guilty of a third offense of selling, serving or  
22 dispensing a cannabis product to a person under twenty-one  
23 years of age in violation of the Cannabis Regulation Act  
24 arising separately from the incidents giving rise to the  
25 cannabis server's first and second offenses; and

1                   (4) no person whose cannabis server permit  
2 is suspended pursuant to the provisions of this section shall  
3 offer, sell, serve or dispense a cannabis product as part of  
4 commercial cannabis activity in a cannabis consumption area  
5 during the period of suspension.

6           **SECTION 12. LOCAL CONTROL.--**

7                   A. A local jurisdiction may:

8                   (1) adopt time, place and manner rules that  
9 do not conflict with the Cannabis Regulation Act or the Dee  
10 Johnson Clean Indoor Air Act, including rules that reasonably  
11 limit density of licenses and operating times consistent with  
12 neighborhood uses; and

13                   (2) allow for the smoking, vaporizing and  
14 ingesting of cannabis products within an indoor or outdoor  
15 cannabis consumption area if:

16                   (a) unless licensed pursuant to the  
17 Lynn and Erin Compassionate Use Act, access to the cannabis  
18 consumption area is restricted to persons twenty-one years of  
19 age and older; and

20                   (b) the cannabis establishment or  
21 integrated cannabis microbusiness is located at a minimum  
22 distance from a school or daycare center as determined by the  
23 local jurisdiction, but which minimum distance shall not be  
24 set at any more than three hundred feet from a school or  
25 daycare center that was in existence at the time the

1 establishment or microbusiness was licensed.

2 B. A local jurisdiction shall not:

3 (1) prevent transportation of cannabis  
4 products on public roads by a licensee that transports  
5 cannabis products in compliance with the Cannabis Regulation  
6 Act;

7 (2) completely prohibit the operation of a  
8 licensee;

9 (3) prohibit or limit signage attached to or  
10 located on licensed premises that identifies the premises as  
11 a cannabis establishment;

12 (4) require a licensed premises or a  
13 cannabis consumption area to be any more than three hundred  
14 feet from a school or daycare center that was in existence at  
15 the time the cannabis establishment or integrated cannabis  
16 microbusiness was licensed;

17 (5) require an existing licensee at a  
18 licensed premises to relocate; or

19 (6) prohibit a person from producing  
20 homegrown cannabis as provided for in the Cannabis Regulation  
21 Act.

22 SECTION 13. LICENSEE PROTECTIONS.--

23 A. Conduct by a licensee or a licensee  
24 representative that is allowed pursuant to a license and  
25 conduct by a person that allows property to be used by a

1 licensee or a licensee representative for conduct allowed  
2 pursuant to a license is lawful, not a violation of state or  
3 local law and is not a basis for seizure or forfeiture of any  
4 property or assets under state or local law.

5 B. The state or a local jurisdiction shall not  
6 impose a criminal, civil or administrative penalty on a  
7 licensee, a licensee representative or a person that allows  
8 property to be used by a licensee or a licensee  
9 representative pursuant to a license, solely for conduct  
10 allowed pursuant to a license.

11 SECTION 14. PROTECTION OF UNDERAGE PERSONS--PROVIDING  
12 CANNABIS PRODUCTS TO MINORS--PENALTIES.--

13 A. Except as allowed pursuant to the Cannabis  
14 Regulation Act, it is a violation of that act for a person,  
15 including a person licensed pursuant to the provisions of  
16 that act, or an employee, agent or lessee of that person, if  
17 the person knows or has reason to know that the person is  
18 violating the provisions of this section, to knowingly and  
19 intentionally:

20 (1) sell, serve or give cannabis products to  
21 a person under twenty-one years of age or allow a person  
22 under twenty-one years of age to consume cannabis products on  
23 the licensed premises;

24 (2) buy cannabis products for or procure the  
25 sale or service of cannabis products to a person under

1 twenty-one years of age;

2 (3) deliver cannabis products to a person  
3 under twenty-one years of age; or

4 (4) aid or assist a person under twenty-one  
5 years of age to buy, otherwise procure or be served cannabis  
6 products.

7 B. A licensee shall not employ a person younger  
8 than twenty-one years of age to engage in a commercial  
9 cannabis activity.

10 C. The division shall suspend or revoke the  
11 license and may fine the licensee in an amount not to exceed  
12 ten thousand dollars (\$10,000), or both, when the division  
13 finds that a licensee or the licensee's employee or agent  
14 knowingly has sold, served or given any cannabis product to a  
15 person under twenty-one years of age.

16 D. The establishment of all of the following facts  
17 by a licensee prosecuted for a violation of Subsection D of  
18 this section and a cannabis server for a violation of  
19 Subsection F of Section 11 of the Cannabis Regulation Act  
20 shall constitute a defense:

21 (1) that the purchaser falsely represented  
22 in writing; by producing a driver's license bearing the  
23 purchaser's photograph; by producing a photographic  
24 identification card issued by the motor vehicle division of  
25 the taxation and revenue department; or by producing a

1 similar identification card issued pursuant to the laws of  
2 this state, another state, the federal government or the  
3 government of an Indian nation, tribe or pueblo that the  
4 person was twenty-one years of age or older;

5 (2) that the purchaser's appearance was such  
6 that an ordinary, prudent person would believe that the  
7 purchaser was twenty-one years of age or older; and

8 (3) that the sale was made in good faith,  
9 relying upon the purchaser's false written representation,  
10 driver's license or identification card produced as provided  
11 in Paragraph (1) of this subsection, and with the reasonable  
12 belief that the purchaser was actually twenty-one years of  
13 age or older.

14 E. Nothing in this section shall be construed or  
15 interpreted to prevent:

16 (1) the division from enforcing its rules  
17 against a licensee;

18 (2) a state agency from enforcing a law or  
19 rule that does not conflict with the Cannabis Regulation Act  
20 or rules promulgated pursuant to that act; or

21 (3) a local jurisdiction from enforcing a  
22 local ordinance that does not conflict with the Cannabis  
23 Regulation Act or rules promulgated pursuant to that act.

24 **SECTION 15. TRANSPORT VIA COURIER.--**

25 A. A vertically integrated cannabis establishment, HB 2/a  
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1 cannabis retailer or integrated cannabis microbusiness may  
2 courier cannabis products.

3 B. A courier may accept payment for services using  
4 any legal method of payment or payment on delivery.

5 SECTION 16. PACKAGING AND LABELING.--Before sale or  
6 transport via cannabis courier of a cannabis product, the  
7 cannabis product shall be labeled and packaged as provided in  
8 Section 17 of the Cannabis Regulation Act.

9 SECTION 17. CANNABIS PRODUCTS--PACKAGING AND LABELING--  
10 DIVISION RULEMAKING.--

11 A. Cannabis or cannabis extract included in a  
12 cannabis product that is manufactured in compliance with  
13 applicable law is not considered to be an adulterant under  
14 state law.

15 B. The division shall promulgate rules consistent  
16 with industry standards for cannabis products that establish  
17 labeling and packaging requirements, including that:

18 (1) packages shall be resealable,  
19 child-resistant, compostable and recyclable or made from  
20 recycled materials;

21 (2) packages and labels shall not be  
22 designed to be appealing to a child; and

23 (3) labels shall include:

24 (a) for a package containing only  
25 cannabis leaf or flower, the net weight of cannabis in the

1 package;

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

7 (c) potency and pesticide use;

8 (d) a list of pharmacologically active  
9 ingredients;

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

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

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

22 (h) a warning of possible adverse  
23 effects of consumption and the New Mexico poison and drug  
24 information center phone number;

25 (i) an expiration date; and



1 (j) other information as required by  
2 rules promulgated pursuant to the Cannabis Regulation Act.

3 SECTION 18. TESTING CANNABIS PRODUCTS--HEALTH AND  
4 SAFETY OF EMPLOYEES.--

5 A. A cannabis testing laboratory's testing of  
6 cannabis products shall comply with the requirements set  
7 forth in applicable law and rules.

8 B. In consultation with the department of  
9 environment and consistent with industry standards, the  
10 division shall promulgate rules to:

11 (1) ensure that testing of cannabis products  
12 occurs prior to distribution to cannabis retailers or sales  
13 by integrated cannabis microbusinesses;

14 (2) specify how often licensees shall test  
15 cannabis products;

16 (3) specify which persons bear the cost of  
17 testing cannabis products and medical cannabis;

18 (4) provide for recordkeeping;

19 (5) establish chain of custody protocols for  
20 testing sample transportation;

21 (6) ensure that testing samples are  
22 transported and stored in a manner that prevents degradation,  
23 contamination, tampering or diversion;

24 (7) specify protocols for testing sample  
25 collection that ensure accurate test results, including

1 requiring that testing samples be collected by laboratory  
2 staff trained in testing sample collection; and

3 (8) require destruction of a tested batch of  
4 cannabis products if the testing samples from the tested  
5 batch indicate noncompliance with applicable health and  
6 safety standards promulgated by the division, unless remedial  
7 measures can bring the cannabis products into compliance with  
8 the standards or the cannabis products can be used for  
9 research purposes.

10 C. Beginning no later than April 1, 2022, the  
11 division shall identify, in consultation with the department  
12 of environment, a set of updated certified reference  
13 materials for laboratory testing to be measured against.

14 D. The division shall work cooperatively with the  
15 department of environment to implement inspection of cannabis  
16 establishments to ensure the health and safety of employees  
17 in accordance with the Occupational Health and Safety Act and  
18 to determine compliance with rules promulgated by the  
19 environmental improvement board.

20 **SECTION 19. RESEARCHING CANNABIS--RECORDKEEPING.--**

21 A. A cannabis research laboratory's research of  
22 cannabis shall comply with the requirements set forth in  
23 applicable law and rules.

24 B. The division shall develop rules and procedures  
25 consistent with industry standards to provide for

1 recordkeeping to ensure that cannabis products are not  
2 removed from the cannabis research laboratory premises.

3 SECTION 20. ADVERTISING AND MARKETING RESTRICTIONS.--

4 The division shall promulgate rules consistent with industry  
5 standards that:

6 A. prohibit the advertisement and marketing of  
7 cannabis products:

8 (1) on radio, television or other broadcast  
9 media, internet pop-ups and mass transit vehicles; provided  
10 that the division shall not prohibit advertising and  
11 marketing to:

12 (a) subscribers of subscription-based  
13 radio, television or other broadcast media who are twenty-one  
14 years of age or older; or

15 (b) persons twenty-one years of age or  
16 older who have solicited the advertising or marketing;

17 (2) that are false, deceptive or misleading,  
18 including making unproven health benefit claims;

19 (3) that are on billboards, posters,  
20 handbills or other visual media that are located or can be  
21 viewed within three hundred feet of a school, daycare center  
22 or church;

23 (4) that depict consumption by children or  
24 other persons who appear to be younger than twenty-one years  
25 of age;

1 (5) that use predatory marketing and  
2 advertising practices targeting minors; or

3 (6) that are designed using cartoon  
4 characters or to mimic any other product brand; and

5 B. require:

6 (1) all advertisements and marketing to  
7 accurately and legibly identify all persons responsible for  
8 its content; and

9 (2) advertisements in print and digital  
10 communications to be placed only where the audience is  
11 reasonably expected to be twenty-one years of age or older as  
12 determined by reliable, current audience composition data.

13 SECTION 21. CONTRACTS.--A contract related to the  
14 operation of a license is enforceable, and a contract entered  
15 into by a licensee or a licensee representative for conduct  
16 allowed pursuant to a cannabis establishment license or  
17 entered into by a person who allows property to be used by a  
18 licensee or a licensee representative for conduct allowed  
19 pursuant to a license shall not be deemed unenforceable on  
20 the basis that the conduct allowed pursuant to the license is  
21 prohibited by federal law.

22 SECTION 22. PROVISION OF PROFESSIONAL SERVICES.--An  
23 attorney, accountant, insurance agent, real estate agent,  
24 security guard or other person engaged in a profession  
25 subject to state licensure shall not be subject to

1 disciplinary action by a professional association, a state  
2 professional board or a state licensing entity because the  
3 professional provides professional services or assistance to  
4 prospective or licensed cannabis establishments or another  
5 person in connection with activity that the professional  
6 reasonably believes complies with the Cannabis Regulation Act  
7 and rules promulgated pursuant to that act.

8       **SECTION 23. MEDICAL CANNABIS PROVISIONS UNAFFECTED.--**

9 Nothing in the Cannabis Regulation Act shall be construed to  
10 limit a privilege or right of a qualified patient, a primary  
11 caregiver or a reciprocal participant participating in the  
12 medical cannabis program or the use, dispensing, possession,  
13 prescribing, storage or transport of a prescription drug  
14 containing cannabis that is approved pursuant to the Federal  
15 Food, Drug, and Cosmetic Act.

16       **SECTION 24. PROTECTIONS FOR THE USE OF CANNABIS.--**

17           A. Conduct allowed pursuant to the Cannabis  
18 Regulation Act shall not in itself constitute grounds for a  
19 holder of a professional or occupational license to be  
20 subject to professional discipline for providing advice or  
21 services related to cannabis establishments or applications  
22 to operate cannabis establishments on the basis that cannabis  
23 is illegal under federal law.

24           B. An applicant for a professional or occupational  
25 license shall not be denied a license based solely on

1 previous employment related to cannabis establishments.

2 C. A person shall not be denied parental rights or  
3 custody of or visitation with a minor child by the state or  
4 local government based solely on conduct that is lawful  
5 pursuant to the Cannabis Regulation Act. Nothing in this  
6 subsection prevents law enforcement, the children, youth and  
7 families department or the courts from acting in the best  
8 interests of the minor child.

9 D. A person currently under parole, probation or  
10 other state supervision or released awaiting trial or other  
11 hearing shall not be punished or otherwise penalized based  
12 solely on conduct that is lawful pursuant to the Cannabis  
13 Regulation Act unless prohibition on the use or possession of  
14 cannabis has been a specific condition of parole, probation  
15 or other state supervision or release awaiting trial or other  
16 hearing.

17 E. A person shall not be denied eligibility in  
18 public assistance programs or denied health care based solely  
19 on conduct that is lawful pursuant to the Cannabis Regulation  
20 Act unless required by federal law.

21 **SECTION 25. PERSONAL USE OF CANNABIS.--**

22 A. The following conduct is lawful for a person  
23 who is twenty-one years of age or older and shall not  
24 constitute grounds for detention, search or arrest of a  
25 person or search of property, and cannabis products that

1 relate to the conduct are not contraband or subject to  
2 seizure or forfeiture pursuant to the Controlled Substances  
3 Act or the Forfeiture Act:

4 (1) possessing, using, being under the  
5 influence of, displaying, purchasing, obtaining or  
6 transporting not more cannabis than authorized by the  
7 Cannabis Regulation Act or the medical cannabis program;

8 (2) possessing in excess of two ounces of  
9 cannabis, sixteen grams of cannabis extract and eight hundred  
10 milligrams of edible cannabis if the excess is stored in the  
11 person's private residence and not visible from a public  
12 place;

13 (3) transferring, without financial  
14 consideration, to a person who is twenty-one years of age or  
15 older not more than the amount of cannabis lawfully purchased  
16 and obtained pursuant to the Cannabis Regulation Act or the  
17 medical cannabis program;

18 (4) ingesting or otherwise consuming  
19 cannabis or cannabis products purchased and obtained pursuant  
20 to the Cannabis Regulation Act or the medical cannabis  
21 program;

22 (5) possessing, using, displaying,  
23 purchasing, obtaining or manufacturing cannabis extract using  
24 nonvolatile solvents, alcohol or carbon dioxide or no  
25 solvents;

1                   (6) manufacturing, transporting or giving  
2 away to a person twenty-one years of age or older cannabis  
3 paraphernalia;

4                   (7) assisting another person who is twenty-  
5 one years of age or older in, or allowing property to be used  
6 in, any of the acts described in Paragraphs (1) through (6)  
7 of this subsection;

8                   (8) smoking cannabis or cannabis products in  
9 an area authorized pursuant to the Cannabis Regulation Act or  
10 a local jurisdiction;

11                   (9) possessing, planting, cultivating,  
12 harvesting, drying, manufacturing cannabis products using  
13 nonvolatile solvents, alcohol or carbon dioxide or no  
14 solvents or transporting not more than six mature cannabis  
15 plants and six immature cannabis plants per person; provided  
16 that despite a household having multiple residents, no more  
17 than twelve mature cannabis plants may be present in one  
18 household; and provided further that if the person does not  
19 exceed the maximum number of cannabis plants, the person may  
20 possess the cannabis produced by the cannabis plants  
21 notwithstanding any weight limits; and

22                   (10) transporting homegrown cannabis or  
23 mature or immature cannabis plants when the person is moving  
24 the person's residence to another location or for purposes of  
25 testing or manufacturing.



1           B. Paragraph (6) of Subsection A of this section  
2 is intended to meet the requirements of 21 U.S.C. Section  
3 863(f) by authorizing under state law any person in  
4 compliance with this section to manufacture, possess or  
5 distribute cannabis paraphernalia.

6           C. None of the following shall, individually or in  
7 combination with each other, constitute reasonable  
8 articulable suspicion of a crime and is not a basis to stop,  
9 detain or search a person:

10                 (1) the odor of cannabis or cannabis extract  
11 or of burnt cannabis or cannabis extract;

12                 (2) the possession of or the suspicion of  
13 possession of cannabis without evidence of quantity in excess  
14 of two ounces of cannabis, sixteen grams of cannabis extract  
15 or eight hundred milligrams of edible cannabis; or

16                 (3) the possession of multiple containers of  
17 cannabis without evidence of quantity in excess of two ounces  
18 of cannabis, sixteen grams of cannabis extract or eight  
19 hundred milligrams of edible cannabis.

20           D. Paragraph (1) of Subsection A and Subsection C  
21 of this section shall not apply when a law enforcement  
22 officer is investigating whether a person is operating a  
23 vehicle or watercraft while intoxicated or under the  
24 influence of or impaired by alcohol or a drug or any  
25 combination thereof in violation of Section 66-8-102 or

1 66-13-3 NMSA 1978.

2 SECTION 26. LIMITS ON PERSONAL USE--PENALTIES.--

3 A. Nothing in Section 25 of the Cannabis  
4 Regulation Act shall be construed to:

5 (1) allow a person to smoke cannabis  
6 products in a public place, except in a cannabis consumption  
7 area; or

8 (2) restrict the ability of a person to  
9 prohibit conduct otherwise allowed in the Cannabis Regulation  
10 Act on the person's privately owned property.

11 B. A person who violates Paragraph (1) of  
12 Subsection A of this section shall be subject to a civil  
13 penalty of fifty dollars (\$50.00).

14 C. As used in this section, "smoke" means to  
15 inhale, exhale, burn or carry any lighted or heated device or  
16 pipe or any other lighted or heated cannabis products  
17 intended for inhalation, whether natural or synthetic, in any  
18 manner or in any form.

19 D. A person less than eighteen years of age, the  
20 family of a person less than eighteen years of age or a  
21 person legally obligated to care for and support a person  
22 less than eighteen years of age who is subject to the fines  
23 pursuant to Subsection B of this section shall not be  
24 required to pay any fees or fines pursuant to the Cannabis  
25 Regulation Act.

1           SECTION 27. PERSONAL PRODUCTION OF CANNABIS--  
2 PENALTIES.--

3           A. Unless otherwise provided in the Cannabis  
4 Regulation Act, it is unlawful for a person without a license  
5 to intentionally produce cannabis products except as provided  
6 in this section.

7           B. A person twenty-one years of age or older who  
8 intentionally produces:

9                   (1) more than six and up to twelve mature or  
10 immature cannabis plants shall be issued a penalty assessment  
11 pursuant to Section 31-19A-1 NMSA 1978 and is subject to a  
12 fine of fifty dollars (\$50.00); and

13                   (2) more than twelve mature or immature  
14 cannabis plants is guilty of a fourth degree felony and may  
15 be sentenced as provided in Section 31-18-15 NMSA 1978.

16           C. A person who is eighteen years of age or older  
17 but less than twenty-one years of age who intentionally  
18 produces:

19                   (1) up to six mature or immature cannabis  
20 plants shall be issued a penalty assessment pursuant to  
21 Section 31-19A-1 NMSA 1978 and is subject to a fine of fifty  
22 dollars (\$50.00);

23                   (2) more than six mature or immature  
24 cannabis plants and up to twelve mature or immature cannabis  
25 plants is guilty of a misdemeanor and shall be sentenced

1 pursuant to the provisions of Section 31-19-1 NMSA 1978; and

2 (3) more than twelve mature or immature  
3 cannabis plants is guilty of a fourth degree felony and shall  
4 be sentenced pursuant to the provisions of Section 31-18-15  
5 NMSA 1978.

6 D. A person who is less than eighteen years of age  
7 who intentionally produces cannabis products is guilty of a  
8 civil violation and shall be subject to:

9 (1) attendance at a four-hour evidence-based  
10 drug education and legal rights program at no cost to the  
11 minor; or

12 (2) four hours of community service.

13 **SECTION 28. UNLICENSED SALES OF CANNABIS--PENALTIES.--**

14 A. As used in this section, "traffic" means the:

15 (1) distribution, sale, barter or giving  
16 away of cannabis products; or

17 (2) possession with intent to distribute,  
18 sell, barter or give away cannabis products.

19 B. Unless otherwise provided in the Cannabis  
20 Regulation Act or the Lynn and Erin Compassionate Use Act, it  
21 is unlawful for a person without a license to intentionally  
22 traffic cannabis products.

23 C. A person under eighteen years of age who  
24 violates Subsection B of this section shall be subject to:

25 (1) attendance at a four-hour evidence-based

1 drug education and legal rights program at no cost to the  
2 person; or

3 (2) four hours of community service.

4 D. Except as otherwise provided in Section 14 of  
5 the Cannabis Regulation Act, a person eighteen years of age  
6 or older who violates Subsection B of this section is guilty  
7 of a misdemeanor and shall be sentenced pursuant to the  
8 provisions of Section 31-19-1 NMSA 1978.

9 E. A person eighteen years of age or older who  
10 violates Subsection B of this section and who conducts  
11 unlicensed cannabis product sales from a building, room or  
12 other area open to the public in a manner that would lead a  
13 reasonable person to believe that the area is a cannabis  
14 establishment licensed pursuant to the Cannabis Regulation  
15 Act is guilty of a fourth degree felony and shall be  
16 sentenced pursuant to the provisions of Section 31-18-15 NMSA  
17 1978.

18 **SECTION 29. CANNABIS WITHIN RESTRICTED AREA--PENALTY.--**

19 Unless otherwise allowed in the Cannabis Regulation Act or  
20 the Lynn and Erin Compassionate Use Act, a person shall not  
21 possess or intentionally distribute any amount of a cannabis  
22 product on the premises of a school or daycare center unless  
23 the person is a qualified patient, a primary caregiver or a  
24 reciprocal participant; provided that this section shall not  
25 apply to a person who possesses a cannabis product for

1 authorized purposes on the premises of a licensed cannabis  
2 training and education program. A person who violates this  
3 section is guilty of a misdemeanor and shall be sentenced  
4 pursuant to the provisions of Section 31-19-1 NMSA 1978.

5 SECTION 30. UNLAWFUL POSSESSION OF CANNABIS--  
6 PENALTIES.--Except as allowed in the Cannabis Regulation Act  
7 and the Lynn and Erin Compassionate Use Act:

8 A. a person under twenty-one years of age shall  
9 not possess cannabis products. A person who violates this  
10 subsection is guilty of a civil violation and shall be  
11 subject to:

12 (1) attendance at a four-hour evidence-based  
13 drug education and legal rights program at no cost to the  
14 person; or

15 (2) four hours of community service; and

16 B. a person twenty-one years of age or older shall  
17 not possess more than two ounces of cannabis, sixteen grams  
18 of cannabis extract and eight hundred milligrams of edible  
19 cannabis in public. A person who violates this subsection  
20 with respect to:

21 (1) more than two but not more than eight  
22 ounces of cannabis, more than sixteen grams of cannabis  
23 extract and more than eight hundred milligrams of edible  
24 cannabis is guilty of a misdemeanor and shall be sentenced  
25 pursuant to the provisions of Section 31-19-1 NMSA 1978; or

1 (2) more than eight ounces of cannabis,  
2 sixty-four grams of cannabis extract or three thousand two  
3 hundred milligrams of edible cannabis is guilty of a fourth  
4 degree felony and shall be sentenced pursuant to the  
5 provisions of Section 31-18-15 NMSA 1978.

6 SECTION 31. UNLICENSED MANUFACTURING OF CANNABIS  
7 EXTRACT--PENALTY.--It is unlawful for a person to manufacture  
8 cannabis extract without a license issued pursuant to the  
9 Cannabis Regulation Act unless the person produces and  
10 manufactures cannabis extract from homegrown cannabis using  
11 nonvolatile solvents, alcohol or carbon dioxide or no  
12 solvents. The use of any other solvent or process is  
13 expressly prohibited unless it is approved by the division.  
14 A person who violates this section is guilty of a fourth  
15 degree felony and shall be sentenced pursuant to the  
16 provisions of Section 31-18-15 NMSA 1978.

17 SECTION 32. EXEMPTION FROM CRIMINAL AND CIVIL  
18 PENALTIES--RESEARCHERS.--A person shall not be subject to  
19 arrest or prosecution, penalized in any manner or denied any  
20 right or privilege solely because the person produced,  
21 possessed, distributed, dispensed or purchased cannabis  
22 products if the person produced, possessed, distributed,  
23 dispensed or purchased the cannabis products solely for the  
24 purpose of research conducted pursuant to the Lynn and Erin  
25 Compassionate Use Act or the Cannabis Regulation Act.

1           **SECTION 33. REPORTING REQUIREMENTS FOR CANNABIS-RELATED**  
2 **VIOLATIONS.--**

3           A. Within sixty days following the end of each  
4 fiscal year, every police and sheriff's department shall  
5 report on a form approved by the department of public safety  
6 the total number of arrests, citations and penalty  
7 assessments for cannabis-related violations broken down by:

- 8                   (1) category and penalty level; and  
9                   (2) race, ethnicity, age and gender.

10          B. Each law enforcement agency shall submit its  
11 annual report to the department of public safety.

12          C. The department of public safety shall compile  
13 the reports submitted and shall issue by November 1 of each  
14 year an annual report of all cannabis-related violations in  
15 the state. The report shall aggregate the data for the state  
16 and shall disaggregate the data by agency, race, ethnicity,  
17 age and gender. The department of public safety shall make  
18 all annual reports submitted for previous fiscal years  
19 available on the department of public safety's website.

20          D. For purposes of this section, "cannabis-related  
21 violation" means a violation of any of Sections 27 through 31  
22 of the Cannabis Regulation Act or a violation of Section  
23 66-8-102 or 66-13-3 NMSA 1978 if the basis for the arrest or  
24 citation is impairment due to the use of cannabis products.

25           **SECTION 34. EMPLOYER PROTECTIONS--EXEMPTIONS.--**



1           A. Unless there is an agreement between the  
2 employer and employee, nothing in the Cannabis Regulation Act  
3 shall:

4                   (1) restrict an employer's ability to  
5 prohibit or take an adverse employment action against an  
6 employee for impairment by or possession or use of  
7 intoxicating substances at work or during work hours;

8                   (2) require an employer to commit any act  
9 that would cause the employer to be noncompliant with or in  
10 violation of federal law or federal regulations or that would  
11 result in the loss of a federal contract or federal funding;  
12 or

13                   (3) prevent or infringe upon the rights of  
14 an employer to adopt and implement a written zero-tolerance  
15 policy regarding the use of cannabis products. A  
16 zero-tolerance policy may permit the discipline or  
17 termination of an employee on the basis of a positive drug  
18 test that indicates any amount of  
19 delta-9-tetrahydrocannabinol or delta-9-tetrahydrocannabinol  
20 metabolite.

21           B. The Cannabis Regulation Act does not apply to  
22 an employee of an employer subject to the provisions of Title  
23 2 of the federal Railway Labor Act.

24           C. Nothing in the Cannabis Regulation Act shall be  
25 construed to invalidate, diminish or otherwise interfere with

1 any collective bargaining agreement nor shall it be construed  
2 to invalidate, diminish or otherwise interfere with any  
3 party's power to collectively bargain such an agreement, or  
4 to an employer or employee.

5 D. As used in this section, "adverse employment  
6 action" means refusing to hire or employ a person; barring or  
7 discharging a person from employment; requiring a person to  
8 retire from employment; or discriminating against an employee  
9 in compensation or in terms, conditions or privileges of  
10 employment.

11 SECTION 35. APPEAL OF RULES.--A person who is or may be  
12 affected by a rule promulgated by the division or other state  
13 agency pursuant to the Cannabis Regulation Act may appeal to  
14 the district court.

15 SECTION 36. PUBLIC RECORDS AND OPEN MEETINGS.--Records  
16 of the division are subject to the Inspection of Public  
17 Records Act. Rulemaking and other hearings of the division  
18 are subject to the Open Meetings Act.

19 SECTION 37. INTRASTATE SOURCE.--Except as provided in  
20 Section 38 of the Cannabis Regulation Act, all cannabis  
21 products shall be derived from a source originating within  
22 New Mexico.

23 SECTION 38. IMPORTS AND EXPORTS.--

24 A. Notwithstanding the provisions of Section 37 of  
25 the Cannabis Regulation Act or any other provision of law,

1 the governor shall enter into agreements with other  
2 jurisdictions within or outside of the United States for the  
3 purposes of cross-jurisdictional delivery of cannabis  
4 products between this state and the other jurisdictions.

5 Such agreements shall:

6 (1) ensure enforceable public health and  
7 safety standards;

8 (2) include a system to regulate and track  
9 the interstate or international delivery of cannabis  
10 products; and

11 (3) ensure that any cannabis products  
12 delivered into this state, prior to sale to a consumer, are  
13 tested, packaged and labeled pursuant to New Mexico laws and  
14 rules.

15 B. Notwithstanding any other provision of law and  
16 in accordance with an agreement described in Subsection A of  
17 this section, a person licensed to:

18 (1) courier cannabis products may deliver  
19 cannabis products to a person located in, and authorized to  
20 receive cannabis products by, another jurisdiction in the  
21 United States; and

22 (2) receive cannabis products may receive  
23 cannabis products from a person located in, and authorized to  
24 export cannabis products by, another jurisdiction in the  
25 United States or internationally.

1 C. This section shall take effect on the earlier  
2 date on which:

3 (1) federal law is amended to allow for the  
4 interstate or international transfer of cannabis products  
5 between authorized cannabis-related businesses; or

6 (2) the United States department of justice  
7 issues an opinion or memorandum allowing or tolerating the  
8 interstate or international transfer of cannabis products  
9 between cannabis-related businesses as authorized by state  
10 law.

11 SECTION 39. CANNABIS REGULATION FUND.--

12 A. The "cannabis regulation fund" is created in  
13 the state treasury. The fund consists of appropriations,  
14 gifts, grants, donations and fees collected by the division  
15 pursuant to the Cannabis Regulation Act and the medical  
16 cannabis program administered by the division. Any  
17 unexpended or unencumbered balance remaining at the end of a  
18 fiscal year shall revert to the general fund.

19 B. Money in the cannabis regulation fund is  
20 subject to appropriation by the legislature to fund the  
21 division, the department of health, the department of  
22 environment, the New Mexico department of agriculture, the  
23 taxation and revenue department and the department of public  
24 safety for the purposes of carrying out the provisions of the  
25 Cannabis Regulation Act and the Lynn and Erin Compassionate

1 Use Act.

2 SECTION 40. PLANT LIMIT.--No later than September 1,  
3 2021, and each September 1 thereafter, the division shall by  
4 rule limit, by plant count, canopy or square footage, the  
5 number of cannabis plants that a licensee that is not an  
6 integrated cannabis microbusiness or a cannabis producer  
7 microbusiness may produce. The rule shall set the number of  
8 allowed cannabis plants per licensee to meet an average  
9 national market demand for cannabis products in states where  
10 adult and medical cannabis are authorized during the  
11 preceding year using a consumer base of no less than twenty  
12 percent of the adult population of New Mexico.

13 SECTION 41. INDIAN NATIONS, TRIBES AND PUEBLOS--  
14 INTERGOVERNMENTAL AGREEMENTS.--

15 A. The department may enter into one or more  
16 intergovernmental agreements with any tribal government to  
17 efficiently coordinate the cross-jurisdictional  
18 administration of the laws of this state and the laws of  
19 tribal governments relating to the use of cannabis products  
20 set forth in the Cannabis Regulation Act and the Lynn and  
21 Erin Compassionate Use Act. The agreements may include,  
22 without limitation, provisions relating to:

- 23 (1) criminal and civil law enforcement;  
24 (2) regulatory issues relating to the  
25 possession, delivery, production, processing or use of

1 cannabis products;

2 (3) the administration of laws relating to  
3 taxation;

4 (4) any immunity, preemption or conflict of  
5 law relating to the possession, delivery, production,  
6 processing or use of cannabis products; and

7 (5) the resolution of any disputes between a  
8 tribal government and the state, which may include, without  
9 limitation, the use of mediation or other nonjudicial  
10 processes.

11 B. An agreement entered into pursuant to this  
12 section shall:

13 (1) provide for the preservation of public  
14 health and safety;

15 (2) ensure the security of cannabis  
16 establishments and the corresponding facilities on tribal  
17 land;

18 (3) establish provisions regulating business  
19 involving cannabis that passes between tribal land and non-  
20 tribal land in New Mexico; and

21 (4) be negotiated in good faith, which shall  
22 respect and protect state and tribal sovereign immunity.

23 C. As used in this section, "tribal government"  
24 means a federally recognized Indian nation, tribe or pueblo  
25 located wholly or partially in the state.

1           SECTION 42. COOPERATION OF AGENCIES.--All state  
2 agencies shall cooperate with the division in carrying out  
3 the provisions of the Cannabis Regulation Act.

4           SECTION 43. A new section of Chapter 7 NMSA 1978 is  
5 enacted to read:

6           "SHORT TITLE.--Sections 43 through 47 of this act may be  
7 cited as the "Cannabis Tax Act".

8           SECTION 44. A new section of Chapter 7 NMSA 1978 is  
9 enacted to read:

10          "DEFINITIONS.--As used in the Cannabis Tax Act:

11           A. "cannabis":

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

19               (2) does not include:

20                   (a) the mature stalks of the plant;  
21 fiber produced from the stalks; oil or cake made from the  
22 seeds of the plant; any other compound, manufacture, salt,  
23 derivative, mixture or preparation of the mature stalks,  
24 fiber, oil or cake; or the sterilized seed of the plant that  
25 is incapable of germination; or

1 (b) the weight of any other ingredient  
2 combined with cannabis to prepare topical or oral  
3 administrations, food, drink or another product;

4 B. "cannabis extract":

5 (1) means a product obtained by separating  
6 resins from cannabis by solvent extraction using solvents  
7 other than vegetable glycerin, such as butane, hexane,  
8 isopropyl alcohol, ethanol or carbon dioxide; and

9 (2) does not include the weight of any other  
10 ingredient combined with cannabis extract to prepare topical  
11 or oral administrations, food, drink or another product;

12 C. "cannabis product" means a product that is or  
13 that contains cannabis or cannabis extracts, including edible  
14 or topical products that may also contain other ingredients;  
15 and

16 D. "cannabis retailer" means a person whose  
17 license from the cannabis control division of the regulation  
18 and licensing department allows the person to sell cannabis  
19 products to a person who purchases, acquires, possesses or  
20 uses the cannabis product for a purpose other than resale."

21 SECTION 45. A new section of Chapter 7 NMSA 1978 is  
22 enacted to read:

23 "CANNABIS EXCISE TAX.--

24 A. An excise tax is imposed on a cannabis retailer  
25 that sells cannabis products in this state. The tax imposed



1 by this section may be referred to as the "cannabis excise  
2 tax".

3 B. The rate of the cannabis excise tax shall be at  
4 the following rates and shall be applied to the price paid  
5 for a cannabis product:

6 (1) prior to July 1, 2025, twelve percent;

7 (2) beginning July 1, 2025 and prior to July  
8 1, 2026, thirteen percent;

9 (3) beginning July 1, 2026 and prior to July  
10 1, 2027, fourteen percent;

11 (4) beginning July 1, 2027 and prior to July  
12 1, 2028, fifteen percent;

13 (5) beginning July 1, 2028 and prior to July  
14 1, 2029, sixteen percent;

15 (6) beginning July 1, 2029 and prior to July  
16 1, 2030, seventeen percent; and

17 (7) beginning July 1, 2030, eighteen  
18 percent.

19 C. The cannabis excise tax shall not apply to  
20 retail sales of medical cannabis products sold to a qualified  
21 patient or a primary caregiver who presents a registry  
22 identification card issued pursuant to the Lynn and Erin  
23 Compassionate Use Act or a reciprocal participant who  
24 presents similar proof from another state, the District of  
25 Columbia or a territory or commonwealth of the United States

1 at the time of the sale."

2 SECTION 46. A new section of Chapter 7 NMSA 1978 is  
3 enacted to read:

4 "DATE PAYMENT DUE.--The cannabis excise tax is to be  
5 paid on or before the twenty-fifth day of the month following  
6 the month in which the taxable sale occurs."

7 SECTION 47. A new section of Chapter 7 NMSA 1978 is  
8 enacted to read:

9 "INTERPRETATION OF THE CANNABIS TAX ACT--ADMINISTRATION  
10 AND ENFORCEMENT OF TAX.--The department shall administer and  
11 enforce the collection of the cannabis excise tax pursuant to  
12 the Tax Administration Act."

13 SECTION 48. Section 7-1-2 NMSA 1978 (being Laws 1965,  
14 Chapter 248, Section 2, as amended by Laws 2019, Chapter 47,  
15 Section 1 and by Laws 2019, Chapter 53, Section 10 and also  
16 by Laws 2019, Chapter 270, Section 1) is amended to read:

17 "7-1-2. APPLICABILITY.--The Tax Administration Act  
18 applies to and governs:

19 A. the administration and enforcement of the  
20 following taxes or tax acts as they now exist or may  
21 hereafter be amended:

- 22 (1) Income Tax Act;  
23 (2) Withholding Tax Act;  
24 (3) Oil and Gas Proceeds and Pass-Through  
25 Entity Withholding Tax Act;

1 (4) Gross Receipts and Compensating Tax Act,  
2 Interstate Telecommunications Gross Receipts Tax Act and  
3 Leased Vehicle Gross Receipts Tax Act;

4 (5) Liquor Excise Tax Act;

5 (6) Local Liquor Excise Tax Act;

6 (7) any municipal local option gross  
7 receipts tax or municipal compensating tax;

8 (8) any county local option gross receipts  
9 tax or county compensating tax;

10 (9) Special Fuels Supplier Tax Act;

11 (10) Gasoline Tax Act;

12 (11) petroleum products loading fee, which  
13 fee shall be considered a tax for the purpose of the Tax  
14 Administration Act;

15 (12) Alternative Fuel Tax Act;

16 (13) Cigarette Tax Act;

17 (14) Estate Tax Act;

18 (15) Railroad Car Company Tax Act;

19 (16) Investment Credit Act, rural job tax  
20 credit, Laboratory Partnership with Small Business Tax Credit  
21 Act, Technology Jobs and Research and Development Tax Credit  
22 Act, Film Production Tax Credit Act, Affordable Housing Tax  
23 Credit Act and high-wage jobs tax credit;

24 (17) Corporate Income and Franchise Tax Act;

25 (18) Uniform Division of Income for Tax

1 Purposes Act;

2 (19) Multistate Tax Compact;

3 (20) Tobacco Products Tax Act;

4 (21) the telecommunications relay service  
5 surcharge imposed by Section 63-9F-11 NMSA 1978, which  
6 surcharge shall be considered a tax for the purposes of the  
7 Tax Administration Act;

8 (22) the Insurance Premium Tax Act;

9 (23) the Health Care Quality Surcharge Act;

10 and

11 (24) the Cannabis Tax Act;

12 B. the administration and enforcement of the  
13 following taxes, surtaxes, advanced payments or tax acts as  
14 they now exist or may hereafter be amended:

15 (1) Resources Excise Tax Act;

16 (2) Severance Tax Act;

17 (3) any severance surtax;

18 (4) Oil and Gas Severance Tax Act;

19 (5) Oil and Gas Conservation Tax Act;

20 (6) Oil and Gas Emergency School Tax Act;

21 (7) Oil and Gas Ad Valorem Production Tax

22 Act;

23 (8) Natural Gas Processors Tax Act;

24 (9) Oil and Gas Production Equipment Ad

25 Valorem Tax Act;

1 (10) Copper Production Ad Valorem Tax Act;  
2 (11) any advance payment required to be made  
3 by any act specified in this subsection, which advance  
4 payment shall be considered a tax for the purposes of the Tax  
5 Administration Act;

6 (12) Enhanced Oil Recovery Act;

7 (13) Natural Gas and Crude Oil Production  
8 Incentive Act; and

9 (14) intergovernmental production tax credit  
10 and intergovernmental production equipment tax credit;

11 C. the administration and enforcement of the  
12 following taxes, surcharges, fees or acts as they now exist  
13 or may hereafter be amended:

14 (1) Weight Distance Tax Act;

15 (2) the workers' compensation fee authorized  
16 by Section 52-5-19 NMSA 1978, which fee shall be considered a  
17 tax for purposes of the Tax Administration Act;

18 (3) Uniform Unclaimed Property Act (1995);

19 (4) 911 emergency surcharge and the network  
20 and database surcharge, which surcharges shall be considered  
21 taxes for purposes of the Tax Administration Act;

22 (5) the solid waste assessment fee  
23 authorized by the Solid Waste Act, which fee shall be  
24 considered a tax for purposes of the Tax Administration Act;

25 (6) the water conservation fee imposed by

1 Section 74-1-13 NMSA 1978, which fee shall be considered a  
2 tax for the purposes of the Tax Administration Act; and

3 (7) the gaming tax imposed pursuant to the  
4 Gaming Control Act; and

5 D. the administration and enforcement of all other  
6 laws, with respect to which the department is charged with  
7 responsibilities pursuant to the Tax Administration Act, but  
8 only to the extent that the other laws do not conflict with  
9 the Tax Administration Act."

10 SECTION 49. Section 7-1-6.15 NMSA 1978 (being Laws  
11 1983, Chapter 211, Section 20, as amended by Laws 2015,  
12 Chapter 89, Section 1 and by Laws 2015, Chapter 100, Section  
13 1) is amended to read:

14 "7-1-6.15. ADJUSTMENTS OF DISTRIBUTIONS OR TRANSFERS TO  
15 MUNICIPALITIES OR COUNTIES.--

16 A. The provisions of this section apply to:

17 (1) any distribution to a municipality  
18 pursuant to Section 7-1-6.4, 7-1-6.36 or 7-1-6.46 NMSA 1978;

19 (2) any transfer to a municipality with  
20 respect to any local option gross receipts tax imposed by  
21 that municipality;

22 (3) any transfer to a county with respect to  
23 any local option gross receipts tax imposed by that county;

24 (4) any distribution to a county pursuant to  
25 Section 7-1-6.16 or 7-1-6.47 NMSA 1978;

1                   (5) any distribution to a municipality or a  
2 county of gasoline taxes pursuant to Section 7-1-6.9 NMSA  
3 1978;

4                   (6) any transfer to a county with respect to  
5 any tax imposed in accordance with the Local Liquor Excise  
6 Tax Act;

7                   (7) any distribution to a county from the  
8 county government road fund pursuant to Section 7-1-6.26 NMSA  
9 1978;

10                  (8) any distribution to a municipality of  
11 gasoline taxes pursuant to Section 7-1-6.27 NMSA 1978;

12                  (9) any distribution to a municipality of  
13 compensating taxes pursuant to Section 7-1-6.55 NMSA 1978;  
14 and

15                  (10) any distribution to a municipality or a  
16 county of cannabis excise taxes pursuant to the Cannabis Tax  
17 Act.

18                  B. Before making a distribution or transfer  
19 specified in Subsection A of this section to a municipality  
20 or county for the month, amounts comprising the net receipts  
21 shall be segregated into two mutually exclusive categories.  
22 One category shall be for amounts relating to the current  
23 month, and the other category shall be for amounts relating  
24 to prior periods. The total of each category for a  
25 municipality or county shall be reported each month to that

1 municipality or county. If the total of the amounts relating  
2 to prior periods is less than zero and its absolute value  
3 exceeds the greater of one hundred dollars (\$100) or an  
4 amount equal to twenty percent of the average distribution or  
5 transfer amount for that municipality or county, then the  
6 following procedures shall be carried out:

7 (1) all negative amounts relating to any  
8 period prior to the three calendar years preceding the year  
9 of the current month, net of any positive amounts in that  
10 same time period for the same taxpayers to which the negative  
11 amounts pertain, shall be excluded from the total relating to  
12 prior periods. Except as provided in Paragraph (2) of this  
13 subsection, the net receipts to be distributed or transferred  
14 to the municipality or county shall be adjusted to equal the  
15 amount for the current month plus the revised total for prior  
16 periods; and

17 (2) if the revised total for prior periods  
18 determined pursuant to Paragraph (1) of this subsection is  
19 negative and its absolute value exceeds the greater of one  
20 hundred dollars (\$100) or an amount equal to twenty percent  
21 of the average distribution or transfer amount for that  
22 municipality or county, the revised total for prior periods  
23 shall be excluded from the distribution or transfers and the  
24 net receipts to be distributed or transferred to the  
25 municipality or county shall be equal to the amount for the



1 current month.

2 C. The department shall recover from a  
3 municipality or county the amount excluded by Paragraph (2)  
4 of Subsection B of this section. This amount may be referred  
5 to as the "recoverable amount".

6 D. Prior to or concurrently with the distribution  
7 or transfer to the municipality or county of the adjusted net  
8 receipts, the department shall notify the municipality or  
9 county whose distribution or transfer has been adjusted  
10 pursuant to Paragraph (2) of Subsection B of this section:

11 (1) that the department has made such an  
12 adjustment, that the department has determined that a  
13 specified amount is recoverable from the municipality or  
14 county and that the department intends to recover that amount  
15 from future distributions or transfers to the municipality or  
16 county;

17 (2) that the municipality or county has  
18 ninety days from the date notice is made to enter into a  
19 mutually agreeable repayment agreement with the department;

20 (3) that if the municipality or county takes  
21 no action within the ninety-day period, the department will  
22 recover the amount from the next six distributions or  
23 transfers following the expiration of the ninety days; and

24 (4) that the municipality or county may  
25 inspect, pursuant to Section 7-1-8.9 NMSA 1978, an

1 application for a claim for refund that gave rise to the  
2 recoverable amount, exclusive of any amended returns that may  
3 be attached to the application.

4 E. No earlier than ninety days from the date  
5 notice pursuant to Subsection D of this section is given, the  
6 department shall begin recovering the recoverable amount from  
7 a municipality or county as follows:

8 (1) the department may collect the  
9 recoverable amount by:

10 (a) decreasing distributions or  
11 transfers to the municipality or county in accordance with a  
12 repayment agreement entered into with the municipality or  
13 county; or

14 (b) except as provided in Paragraphs  
15 (2) and (3) of this subsection, if the municipality or county  
16 fails to act within the ninety days, decreasing the amount of  
17 the next six distributions or transfers to the municipality  
18 or county following expiration of the ninety-day period in  
19 increments as nearly equal as practicable and sufficient to  
20 recover the amount;

21 (2) if, pursuant to Subsection B of this  
22 section, the secretary determines that the recoverable amount  
23 is more than fifty percent of the average distribution or  
24 transfer of net receipts for that municipality or county, the  
25 secretary:

1 (a) shall recover only up to fifty  
2 percent of the average distribution or transfer of net  
3 receipts for that municipality or county; and

4 (b) may, in the secretary's discretion,  
5 waive recovery of any portion of the recoverable amount,  
6 subject to approval by the state board of finance; and

7 (3) if, after application of a refund claim,  
8 audit adjustment, correction of a mistake by the department  
9 or other adjustment of a prior period, but prior to any  
10 recovery of the department pursuant to this section, the  
11 total net receipts of a municipality or county for the  
12 twelve-month period beginning with the current month are  
13 reduced or are projected to be reduced to less than fifty  
14 percent of the average distribution or transfer of net  
15 receipts, the secretary may waive recovery of any portion of  
16 the recoverable amount, subject to approval by the state  
17 board of finance.

18 F. No later than ninety days from the date notice  
19 pursuant to Subsection D of this section is given, the  
20 department shall provide the municipality or county adequate  
21 opportunity to review an application for a claim for refund  
22 that gave rise to the recoverable amount, exclusive of any  
23 amended returns that may be attached to the application,  
24 pursuant to Section 7-1-8.9 NMSA 1978.

25 G. On or before September 1 of each year beginning HB 2/a  
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1 in 2016, the secretary shall report to the state board of  
2 finance and the legislative finance committee the total  
3 recoverable amount waived pursuant to Subparagraph (b) of  
4 Paragraph (2) and Paragraph (3) of Subsection E of this  
5 section for each municipality and county in the prior fiscal  
6 year.

7 H. The secretary is authorized to decrease a  
8 distribution or transfer to a municipality or county upon  
9 being directed to do so by the secretary of finance and  
10 administration pursuant to the State Aid Intercept Act or to  
11 redirect a distribution or transfer to the New Mexico finance  
12 authority pursuant to an ordinance or a resolution passed by  
13 the county or municipality and a written agreement of the  
14 municipality or county and the New Mexico finance authority.  
15 Upon direction to decrease a distribution or transfer or  
16 notice to redirect a distribution or transfer to a  
17 municipality or county, the secretary shall decrease or  
18 redirect the next designated distribution or transfer, and  
19 succeeding distributions or transfers as necessary, by the  
20 amount of the state distributions intercept authorized by the  
21 secretary of finance and administration pursuant to the State  
22 Aid Intercept Act or by the amount of the state distribution  
23 intercept authorized pursuant to an ordinance or a resolution  
24 passed by the county or municipality and a written agreement  
25 with the New Mexico finance authority. The secretary shall

1 transfer the state distributions intercept amount to the  
2 municipal or county treasurer or other person designated by  
3 the secretary of finance and administration or to the New  
4 Mexico finance authority pursuant to written agreement to pay  
5 the debt service to avoid default on qualified local revenue  
6 bonds or meet other local revenue bond, loan or other debt  
7 obligations of the municipality or county to the New Mexico  
8 finance authority. A decrease to or redirection of a  
9 distribution or transfer pursuant to this subsection that  
10 arose:

11 (1) prior to an adjustment of a distribution  
12 or transfer of net receipts creating a recoverable amount  
13 owed to the department takes precedence over any collection  
14 of any recoverable amount pursuant to Paragraph (2) of  
15 Subsection B of this section, which may be made only from the  
16 net amount of the distribution or transfer remaining after  
17 application of the decrease or redirection pursuant to this  
18 subsection; and

19 (2) after an adjustment of a distribution or  
20 transfer of net receipts creating a recoverable amount owed  
21 to the department shall be subordinate to any collection of  
22 any recoverable amount pursuant to Paragraph (2) of  
23 Subsection B of this section.

24 I. Upon the direction of the secretary of finance  
25 and administration pursuant to Section 9-6-5.2 NMSA 1978, the

1 secretary shall temporarily withhold the balance of a  
2 distribution to a municipality or county, net of any decrease  
3 or redirected amount pursuant to Subsection H of this section  
4 and any recoverable amount pursuant to Paragraph (2) of  
5 Subsection B of this section, that has failed to submit an  
6 audit report required by the Audit Act or a financial report  
7 required by Subsection F of Section 6-6-2 NMSA 1978. The  
8 amount to be withheld, the source of the withheld  
9 distribution and the number of months that the distribution  
10 is to be withheld shall be as directed by the secretary of  
11 finance and administration. A distribution withheld pursuant  
12 to this subsection shall remain in the tax administration  
13 suspense fund until distributed to the municipality or county  
14 and shall not be distributed to the general fund. An amount  
15 withheld pursuant to this subsection shall be distributed to  
16 the municipality or county upon direction of the secretary of  
17 finance and administration.

18 J. As used in this section:

19 (1) "amounts relating to the current month"  
20 means any amounts included in the net receipts of the current  
21 month that represent payment of tax due for the current  
22 month, correction of amounts processed in the current month  
23 that relate to the current month or that otherwise relate to  
24 obligations due for the current month;

25 (2) "amounts relating to prior periods"

1 means any amounts processed during the current month that  
2 adjust amounts processed in a period or periods prior to the  
3 current month regardless of whether the adjustment is a  
4 correction of a department error or due to the filing of  
5 amended returns, payment of department-issued assessments,  
6 filing or approval of claims for refund, audit adjustments or  
7 other cause;

8 (3) "average distribution or transfer  
9 amount" means the following amounts; provided that a  
10 distribution or transfer that is negative shall not be used  
11 in calculating the amounts:

12 (a) the annual average of the total  
13 amount distributed or transferred to a municipality or county  
14 in each of the three twelve-month periods preceding the  
15 current month;

16 (b) if a distribution or transfer to a  
17 municipality or county has been made for less than three  
18 years, the total amount distributed or transferred in the  
19 year preceding the current month; or

20 (c) if a municipality or county has not  
21 received distributions or transfers of net receipts for  
22 twelve or more months, the monthly average of net receipts  
23 distributed or transferred to the municipality or county  
24 preceding the current month multiplied by twelve;

25 (4) "current month" means the month for

1 which the distribution or transfer is being prepared; and

2 (5) "repayment agreement" means an agreement  
3 between the department and a municipality or county under  
4 which the municipality or county agrees to allow the  
5 department to recover an amount determined pursuant to  
6 Paragraph (2) of Subsection B of this section by decreasing  
7 distributions or transfers to the municipality or county for  
8 one or more months beginning with the distribution or  
9 transfer to be made with respect to a designated month. No  
10 interest shall be charged."

11 SECTION 50. A new section of the Tax Administration Act  
12 is enacted to read:

13 "DISTRIBUTION--CANNABIS EXCISE TAX--MUNICIPALITIES AND  
14 COUNTIES.--

15 A. A distribution pursuant to Section 7-1-6.1 NMSA  
16 1978 shall be made to each municipality, subject to any  
17 increase or decrease made pursuant to Section 7-1-6.15 NMSA  
18 1978, in an amount equal to thirty-three and thirty-three  
19 hundredths percent of the net receipts attributable to the  
20 cannabis excise tax from cannabis retailers within the  
21 municipality.

22 B. A distribution pursuant to Section 7-1-6.1 NMSA  
23 1978 shall be made to each county in an amount equal to  
24 thirty-three and thirty-three hundredths percent of the net  
25 receipts attributable to the cannabis excise tax from



1 cannabis retailers within the county area of the county.

2 C. The department may deduct an amount not to  
3 exceed three percent of the distributions made pursuant to  
4 this section for the reasonable costs for administering the  
5 distributions.

6 D. As used in this section, "county area" means  
7 that portion of a county located outside the boundaries of  
8 any municipality."

9 SECTION 51. Section 7-2-2 NMSA 1978 (being Laws 1986,  
10 Chapter 20, Section 26, as amended) is amended to read:

11 "7-2-2. DEFINITIONS.--For the purpose of the Income Tax  
12 Act and unless the context requires otherwise:

13 A. "adjusted gross income" means adjusted gross  
14 income as defined in Section 62 of the Internal Revenue Code,  
15 as that section may be amended or renumbered;

16 B. "base income":

17 (1) means, for estates and trusts, that part  
18 of the estate's or trust's income defined as taxable income  
19 and upon which the federal income tax is calculated in the  
20 Internal Revenue Code for income tax purposes plus, for  
21 taxable years beginning on or after January 1, 1991, the  
22 amount of the net operating loss deduction allowed by Section  
23 172(a) of the Internal Revenue Code, as that section may be  
24 amended or renumbered, and taken by the taxpayer for that  
25 year;

1                   (2) means, for taxpayers other than estates  
2 or trusts, that part of the taxpayer's income defined as  
3 adjusted gross income plus, for taxable years beginning on or  
4 after January 1, 1991, the amount of the net operating loss  
5 deduction allowed by Section 172(a) of the Internal Revenue  
6 Code, as that section may be amended or renumbered, and taken  
7 by the taxpayer for that year;

8                   (3) includes, for all taxpayers, any other  
9 income of the taxpayer not included in adjusted gross income  
10 but upon which a federal tax is calculated pursuant to the  
11 Internal Revenue Code for income tax purposes, except amounts  
12 for which a calculation of tax is made pursuant to Section 55  
13 of the Internal Revenue Code, as that section may be amended  
14 or renumbered; "base income" also includes interest received  
15 on a state or local bond;

16                   (4) includes, for all taxpayers, an amount  
17 deducted pursuant to Section 7-2-32 NMSA 1978 in a prior  
18 taxable year if:

19                   (a) such amount is transferred to  
20 another qualified tuition program, as defined in Section 529  
21 of the Internal Revenue Code, not authorized in the Education  
22 Trust Act; or

23                   (b) a distribution or refund is made  
24 for any reason other than: 1) to pay for qualified higher  
25 education expenses, as defined pursuant to Section 529 of the

1 Internal Revenue Code; or 2) upon the beneficiary's death,  
2 disability or receipt of a scholarship; and

3 (5) excludes, for a taxpayer who conducts a  
4 lawful business pursuant to the laws of the state, an amount  
5 equal to any expenditure that is eligible to be claimed as a  
6 federal income tax deduction but is disallowed by Section  
7 280E of the Internal Revenue Code, as that section may be  
8 amended or renumbered;

9 C. "compensation" means wages, salaries,  
10 commissions and any other form of remuneration paid to  
11 employees for personal services;

12 D. "department" means the taxation and revenue  
13 department, the secretary or any employee of the department  
14 exercising authority lawfully delegated to that employee by  
15 the secretary;

16 E. "fiduciary" means a guardian, trustee,  
17 executor, administrator, committee, conservator, receiver,  
18 individual or corporation acting in any fiduciary capacity;

19 F. "filing status" means "married filing joint  
20 returns", "married filing separate returns", "head of  
21 household", "surviving spouse" and "single", as those terms  
22 are generally defined for federal tax purposes;

23 G. "fiscal year" means any accounting period of  
24 twelve months ending on the last day of any month other than  
25 December;

1           H. "head of household" means "head of household"  
2 as generally defined for federal income tax purposes;

3           I. "individual" means a natural person, an estate,  
4 a trust or a fiduciary acting for a natural person, trust or  
5 estate;

6           J. "Internal Revenue Code" means the United States  
7 Internal Revenue Code of 1986, as amended;

8           K. "lump-sum amount" means, for the purpose of  
9 determining liability for federal income tax, an amount that  
10 was not included in adjusted gross income but upon which the  
11 five-year-averaging or the ten-year-averaging method of tax  
12 computation provided in Section 402 of the Internal Revenue  
13 Code, as that section may be amended or renumbered, was  
14 applied;

15           L. "modified gross income" means all income of the  
16 taxpayer and, if any, the taxpayer's spouse and dependents,  
17 undiminished by losses and from whatever source, including:

- 18                   (1) compensation;
- 19                   (2) net profit from business;
- 20                   (3) gains from dealings in property;
- 21                   (4) interest;
- 22                   (5) net rents;
- 23                   (6) royalties;
- 24                   (7) dividends;
- 25                   (8) alimony and separate maintenance

1 payments;

2 (9) annuities;

3 (10) income from life insurance and  
4 endowment contracts;

5 (11) pensions;

6 (12) discharge of indebtedness;

7 (13) distributive share of partnership  
8 income;

9 (14) income in respect of a decedent;

10 (15) income from an interest in an estate or  
11 a trust;

12 (16) social security benefits;

13 (17) unemployment compensation benefits;

14 (18) workers' compensation benefits;

15 (19) public assistance and welfare benefits;

16 (20) cost-of-living allowances; and

17 (21) gifts;

18 M. "modified gross income" excludes:

19 (1) payments for hospital, dental, medical  
20 or drug expenses to or on behalf of the taxpayer;

21 (2) the value of room and board provided by  
22 federal, state or local governments or by private individuals  
23 or agencies based upon financial need and not as a form of  
24 compensation;

25 (3) payments pursuant to a federal, state or  
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1 local government program directly or indirectly to a third  
2 party on behalf of the taxpayer when identified to a  
3 particular use or invoice by the payer; or

4 (4) payments for credits and rebates  
5 pursuant to the Income Tax Act and made for a credit pursuant  
6 to Section 7-3-9 NMSA 1978;

7 N. "net income" means, for estates and trusts,  
8 base income adjusted to exclude amounts that the state is  
9 prohibited from taxing because of the laws or constitution of  
10 this state or the United States and means, for taxpayers  
11 other than estates or trusts, base income adjusted to  
12 exclude:

13 (1) an amount equal to the standard  
14 deduction allowed the taxpayer for the taxpayer's taxable  
15 year by Section 63 of the Internal Revenue Code, as that  
16 section may be amended or renumbered;

17 (2) an amount equal to the itemized  
18 deductions defined in Section 63 of the Internal Revenue  
19 Code, as that section may be amended or renumbered, allowed  
20 the taxpayer for the taxpayer's taxable year less the amount  
21 excluded pursuant to Paragraph (1) of this subsection and  
22 less the amount of state and local income and sales taxes  
23 included in the taxpayer's itemized deductions;

24 (3) an amount equal to the product of the  
25 exemption amount allowed for the taxpayer's taxable year by

1 Section 151 of the Internal Revenue Code, as that section may  
2 be amended or renumbered, multiplied by the number of  
3 personal exemptions allowed for federal income tax purposes;

4 (4) income from obligations of the United  
5 States of America less expenses incurred to earn that income;

6 (5) other amounts that the state is  
7 prohibited from taxing because of the laws or constitution of  
8 this state or the United States;

9 (6) for taxable years that began prior to  
10 January 1, 1991, an amount equal to the sum of:

11 (a) net operating loss carryback  
12 deductions to that year from taxable years beginning prior to  
13 January 1, 1991 claimed and allowed, as provided by the  
14 Internal Revenue Code; and

15 (b) net operating loss carryover  
16 deductions to that year claimed and allowed;

17 (7) for taxable years beginning on or after  
18 January 1, 1991 and prior to January 1, 2013, an amount equal  
19 to the sum of any net operating loss carryover deductions to  
20 that year claimed and allowed, provided that the amount of  
21 any net operating loss carryover from a taxable year  
22 beginning on or after January 1, 1991 and prior to January 1,  
23 2013 may be excluded only as follows:

24 (a) in the case of a timely filed  
25 return, in the taxable year immediately following the taxable

1 year for which the return is filed; or

2 (b) in the case of amended returns or  
3 original returns not timely filed, in the first taxable year  
4 beginning after the date on which the return or amended  
5 return establishing the net operating loss is filed; and

6 (c) in either case, if the net  
7 operating loss carryover exceeds the amount of net income  
8 exclusive of the net operating loss carryover for the taxable  
9 year to which the exclusion first applies, in the next four  
10 succeeding taxable years in turn until the net operating loss  
11 carryover is exhausted for any net operating loss carryover  
12 from a taxable year prior to January 1, 2013; in no event  
13 shall a net operating loss carryover from a taxable year  
14 beginning prior to January 1, 2013 be excluded in any taxable  
15 year after the fourth taxable year beginning after the  
16 taxable year to which the exclusion first applies;

17 (8) for taxable years beginning on or after  
18 January 1, 2013, an amount equal to the sum of any net  
19 operating loss carryover deductions to that year claimed and  
20 allowed; provided that the amount of any net operating loss  
21 carryover may be excluded only as follows:

22 (a) in the case of a timely filed  
23 return, in the taxable year immediately following the taxable  
24 year for which the return is filed; or

25 (b) in the case of amended returns or



1 original returns not timely filed, in the first taxable year  
2 beginning after the date on which the return or amended  
3 return establishing the net operating loss is filed; and

4 (c) in either case, if the net  
5 operating loss carryover exceeds the amount of net income  
6 exclusive of the net operating loss carryover for the taxable  
7 year to which the exclusion first applies, in the next  
8 nineteen succeeding taxable years in turn until the net  
9 operating loss carryover is exhausted for any net operating  
10 loss carryover from a taxable year beginning on or after  
11 January 1, 2013; in no event shall a net operating loss  
12 carryover from a taxable year beginning: 1) prior to January  
13 1, 2013 be excluded in any taxable year after the fourth  
14 taxable year beginning after the taxable year to which the  
15 exclusion first applies; and 2) on or after January 1, 2013  
16 be excluded in any taxable year after the nineteenth taxable  
17 year beginning after the taxable year to which the exclusion  
18 first applies; and

19 (9) for taxable years beginning on or after  
20 January 1, 2011, an amount equal to the amount included in  
21 adjusted gross income that represents a refund of state and  
22 local income and sales taxes that were deducted for federal  
23 tax purposes in taxable years beginning on or after January  
24 1, 2010;

25 0. "net operating loss" means any net operating

1 loss, as defined by Section 172(c) of the Internal Revenue  
2 Code, as that section may be amended or renumbered, for a  
3 taxable year as further increased by the income, if any, from  
4 obligations of the United States for that year less related  
5 expenses;

6 P. "net operating loss carryover" means the  
7 amount, or any portion of the amount, of a net operating loss  
8 for any taxable year that, pursuant to Paragraph (6), (7) or  
9 (8) of Subsection N of this section, may be excluded from  
10 base income;

11 Q. "nonresident" means every individual not a  
12 resident of this state;

13 R. "person" means any individual, estate, trust,  
14 receiver, cooperative association, club, corporation,  
15 company, firm, partnership, limited liability company, joint  
16 venture, syndicate or other association; "person" also means,  
17 to the extent permitted by law, any federal, state or other  
18 governmental unit or subdivision or agency, department or  
19 instrumentality thereof;

20 S. "resident" means an individual who is domiciled  
21 in this state during any part of the taxable year or an  
22 individual who is physically present in this state for one  
23 hundred eighty-five days or more during the taxable year; but  
24 any individual, other than someone who was physically present  
25 in the state for one hundred eighty-five days or more during

1 the taxable year, who, on or before the last day of the  
2 taxable year, changed the individual's place of abode to a  
3 place without this state with the bona fide intention of  
4 continuing actually to abide permanently without this state  
5 is not a resident for the purposes of the Income Tax Act for  
6 periods after that change of abode;

7 T. "secretary" means the secretary of taxation and  
8 revenue or the secretary's delegate;

9 U. "state" means any state of the United States,  
10 the District of Columbia, the commonwealth of Puerto Rico,  
11 any territory or possession of the United States or any  
12 political subdivision of a foreign country;

13 V. "state or local bond" means a bond issued by a  
14 state other than New Mexico or by a local government other  
15 than one of New Mexico's political subdivisions, the interest  
16 from which is excluded from income for federal income tax  
17 purposes under Section 103 of the Internal Revenue Code, as  
18 that section may be amended or renumbered;

19 W. "surviving spouse" means "surviving spouse" as  
20 generally defined for federal income tax purposes;

21 X. "taxable income" means net income less any  
22 lump-sum amount;

23 Y. "taxable year" means the calendar year or  
24 fiscal year upon the basis of which the net income is  
25 computed under the Income Tax Act and includes, in the case

1 of the return made for a fractional part of a year under the  
2 provisions of the Income Tax Act, the period for which the  
3 return is made; and

4 Z. "taxpayer" means any individual subject to the  
5 tax imposed by the Income Tax Act."

6 SECTION 52. Section 7-2A-2 NMSA 1978 (being Laws 1986,  
7 Chapter 20, Section 33, as amended) is amended to read:

8 "7-2A-2. DEFINITIONS.--For the purpose of the Corporate  
9 Income and Franchise Tax Act and unless the context requires  
10 otherwise:

11 A. "bank" means any national bank, national  
12 banking association, state bank or bank holding company;

13 B. "apportioned net income" or "apportioned net  
14 loss" means net income allocated and apportioned to New  
15 Mexico pursuant to the provisions of the Corporate Income and  
16 Franchise Tax Act or the Uniform Division of Income for Tax  
17 Purposes Act, but excluding from the sales factor any sales  
18 that represent intercompany transactions between members of  
19 the filing group;

20 C. "base income" means the federal taxable income  
21 or the federal net operating loss of a corporation for the  
22 taxable year calculated pursuant to the Internal Revenue  
23 Code, after special deductions provided in Sections 241  
24 through 249 of the Internal Revenue Code but without any  
25 deduction for net operating losses, as if the corporation

1 filed a federal tax return as a separate domestic entity,  
2 modified as follows:

3 (1) adding to that income:

4 (a) interest received on a state or  
5 local bond exempt under the Internal Revenue Code;

6 (b) the amount of any deduction claimed  
7 in calculating taxable income for all expenses and costs  
8 directly or indirectly paid, accrued or incurred to a captive  
9 real estate investment trust; and

10 (c) the amount of any deduction, other  
11 than for premiums, for amounts paid directly or indirectly to  
12 a commonly controlled entity that is exempt from corporate  
13 income tax pursuant to Section 7-2A-4 NMSA 1978;

14 (2) subtracting from that income:

15 (a) income from obligations of the  
16 United States net of expenses incurred to earn that income;

17 (b) other amounts that the state is  
18 prohibited from taxing because of the laws or constitution of  
19 this state or the United States net of any related expenses;

20 (c) an amount equal to one hundred  
21 percent of the subpart F income, as that term is defined in  
22 Section 952 of the Internal Revenue Code, as that section may  
23 be amended or renumbered, included in the income of the  
24 corporation; and

25 (d) an amount equal to one hundred

1 percent of the income of the corporation under Section 951A  
2 of the Internal Revenue Code, after allowing the deduction  
3 provided in Section 250 of the Internal Revenue Code;

4 (3) making other adjustments deemed  
5 necessary to properly reflect income of the unitary group,  
6 including attribution of income or expense related to unitary  
7 assets held by related corporations that are not part of the  
8 filing group; and

9 (4) for a taxpayer that conducts a lawful  
10 business pursuant to the laws of this state, excludes an  
11 amount equal to any expenditure that is eligible to be  
12 claimed as a federal income tax deduction but is disallowed  
13 pursuant to Section 280E of the Internal Revenue Code, as  
14 that section may be amended or renumbered;

15 D. "captive real estate investment trust" means a  
16 corporation, trust or association taxed as a real estate  
17 investment trust pursuant to Section 857 of the Internal  
18 Revenue Code, the shares or beneficial interests of which are  
19 not regularly traded on an established securities market;  
20 provided that more than fifty percent of any class of  
21 beneficial interests or shares of the real estate investment  
22 trust are owned directly, indirectly or constructively by the  
23 taxpayer during all or a part of the taxpayer's taxable year;

24 E. "common ownership" means the direct or indirect  
25 control or ownership of more than fifty percent of the

1 outstanding voting stock, ownership of which is determined  
2 pursuant to Section 1563 of the Internal Revenue Code, as  
3 that section may be amended or renumbered, of:

4 (1) a parent-subsidiary controlled group as  
5 defined in Section 1563 of the Internal Revenue Code, except  
6 that fifty percent shall be substituted for eighty percent;

7 (2) a brother-sister controlled group as  
8 defined in Section 1563 of the Internal Revenue Code; or

9 (3) three or more corporations each of which  
10 is a member of a group of corporations described in Paragraph  
11 (1) or (2) of this subsection, and one of which is:

12 (a) a common parent corporation  
13 included in a group of corporations described in Paragraph  
14 (1) of this subsection; and

15 (b) included in a group of corporations  
16 described in Paragraph (2) of this subsection;

17 F. "consolidated group" means the group of  
18 entities properly filing a federal consolidated return under  
19 the Internal Revenue Code for the taxable year;

20 G. "corporation" means corporations, joint stock  
21 companies, real estate trusts organized and operated under  
22 the Real Estate Trust Act, financial corporations and banks,  
23 other business associations and, for corporate income tax  
24 purposes, partnerships and limited liability companies taxed  
25 as corporations under the Internal Revenue Code;

1           H. "department" means the taxation and revenue  
2 department, the secretary of taxation and revenue or any  
3 employee of the department exercising authority lawfully  
4 delegated to that employee by the secretary;

5           I. "filing group" means a group of corporations  
6 properly included in a return pursuant to Section 7-2A-8.3  
7 NMSA 1978 for a particular taxable year;

8           J. "fiscal year" means any accounting period of  
9 twelve months ending on the last day of any month other than  
10 December;

11           K. "grandfathered net operating loss carryover"  
12 means:

13                 (1) the amount of net loss properly reported  
14 to New Mexico for taxable years beginning January 1, 2013 and  
15 prior to January 1, 2020 as part of a timely filed original  
16 return, or an amended return for those taxable years filed  
17 prior to January 1, 2020, to the extent such loss can be  
18 attributed to one or more corporations that are properly  
19 included in the taxpayer's return for the first taxable year  
20 beginning on or after January 1, 2020;

21                 (2) reduced by:

22                         (a) adding back deductions that were  
23 taken by the corporation or corporations for royalties or  
24 interest paid to one or more related corporations, but only  
25 to the extent that such adjustment would not create a net



1 loss for such related corporations; and

2 (b) the amount of net operating loss  
3 deductions taken prior to January 1, 2020 that would be  
4 charged against those losses consistent with the Internal  
5 Revenue Code and provisions of the Corporate Income and  
6 Franchise Tax Act applicable to the year of the deduction;  
7 and

8 (3) apportioned to New Mexico using the  
9 apportionment factors that can properly be attributed to the  
10 corporation or corporations for the year of the net loss;

11 L. "Internal Revenue Code" means the United States  
12 Internal Revenue Code of 1986, as amended;

13 M. "net income" means:

14 (1) the base income of a corporation  
15 properly filing a tax return as a separate entity; or

16 (2) the combined base income and losses of  
17 corporations that are part of a filing group that is computed  
18 after eliminating intercompany income and expense in a manner  
19 consistent with the consolidated filing requirements of the  
20 Internal Revenue Code and the Corporate Income and Franchise  
21 Tax Act;

22 N. "net operating loss carryover" means the  
23 apportioned net loss properly reported on an original or  
24 amended tax return for taxable years beginning on or after  
25 January 1, 2020 by the taxpayer:

1 (1) plus:

2 (a) the portion of an apportioned net  
3 loss properly reported to New Mexico for a taxable year  
4 beginning on or after January 1, 2020, on a separate year  
5 return, to the extent the taxpayer would have been entitled  
6 to include the portion of such apportioned net loss in the  
7 taxpayer's consolidated net operating loss carryforward under  
8 the Internal Revenue Code if the taxpayer filed a  
9 consolidated federal return; and

10 (b) the taxpayer's grandfathered net  
11 operating loss carryover; and

12 (2) minus:

13 (a) the amount of the net operating  
14 loss carryover attributed to an entity that has left the  
15 filing group, computed in a manner consistent with the  
16 consolidated filing requirements of the Internal Revenue Code  
17 and applicable regulations, as if the taxpayer were filing a  
18 consolidated return; and

19 (b) the amount of net operating loss  
20 deductions properly taken by the taxpayer;

21 O. "net operating loss deduction" means the  
22 portion of the net operating loss carryover that may be  
23 deducted from the taxpayer's apportioned net income under the  
24 Internal Revenue Code as of January 1, 2018 for the taxable  
25 year in which the deduction is taken, including the eighty

1 percent limitation of Section 172(a) of the Internal Revenue  
2 Code as of January 1, 2018 calculated on the basis of the  
3 taxpayer's apportioned net income;

4 P. "person" means any individual, estate, trust,  
5 receiver, cooperative association, club, corporation,  
6 company, firm, partnership, limited liability company, joint  
7 venture, syndicate or other association; "person" also means,  
8 to the extent permitted by law, any federal, state or other  
9 governmental unit or subdivision or agency, department or  
10 instrumentality thereof;

11 Q. "real estate investment trust" has the meaning  
12 ascribed to the term in Section 856 of the Internal Revenue  
13 Code, as that section may be amended or renumbered;

14 R. "related corporation" means a corporation that  
15 is under common ownership with one or more corporations but  
16 that is not included in the same tax return;

17 S. "return" means any tax or information return,  
18 including a water's-edge or worldwide combined return, a  
19 consolidated return, a declaration of estimated tax or a  
20 claim for refund, including any amendments or supplements to  
21 the return, required or permitted pursuant to a law subject  
22 to administration and enforcement pursuant to the Tax  
23 Administration Act and filed with the department by or on  
24 behalf of any person;

25 T. "secretary" means the secretary of taxation and  
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1 revenue or the secretary's delegate;

2 U. "separate year return" means a properly filed  
3 original or amended return for a taxable year beginning on or  
4 after January 1, 2020 by a taxpayer reporting a loss, a  
5 portion of which is claimed as part of the net operating loss  
6 carryover by another taxpayer in a subsequent return period;

7 V. "state" means any state of the United States,  
8 the District of Columbia, the commonwealth of Puerto Rico,  
9 any territory or possession of the United States or political  
10 subdivision thereof or any political subdivision of a foreign  
11 country;

12 W. "state or local bond" means a bond issued by a  
13 state other than New Mexico or by a local government other  
14 than one of New Mexico's political subdivisions, the interest  
15 from which is excluded from income for federal income tax  
16 purposes under Section 103 of the Internal Revenue Code, as  
17 that section may be amended or renumbered;

18 X. "taxable income" means a taxpayer's apportioned  
19 net income minus the net operating loss deduction for the  
20 taxable year;

21 Y. "taxable year" means the calendar year or  
22 fiscal year upon the basis of which the net income is  
23 computed under the Corporate Income and Franchise Tax Act and  
24 includes, in the case of the return made for a fractional  
25 part of a year under the provisions of that act, the period

1 for which the return is made;

2 Z. "taxpayer" means any corporation or group of  
3 corporations filing a return pursuant to Section 7-2A-8.3  
4 NMSA 1978 subject to the taxes imposed by the Corporate  
5 Income and Franchise Tax Act;

6 AA. "unitary group" means a group of two or more  
7 corporations, including a captive real estate investment  
8 trust, but not including an S corporation, an insurance  
9 company subject to the provisions of the New Mexico Insurance  
10 Code, an insurance company that would be subject to the New  
11 Mexico Insurance Code if the insurance company engaged in  
12 business in this state or a real estate investment trust that  
13 is not a captive real estate investment trust, that are:

14 (1) related through common ownership; and

15 (2) economically interdependent with one  
16 another as demonstrated by the following factors:

17 (a) centralized management;

18 (b) functional integration; and

19 (c) economies of scale;

20 BB. "water's-edge group" means all corporations  
21 that are part of a unitary group, except:

22 (1) corporations that are exempt from  
23 corporate income tax pursuant to Section 7-2A-4 NMSA 1978;  
24 and

25 (2) corporations wherever organized or

1 incorporated that have less than twenty percent of their  
2 property, payroll and sales sourced to locations within the  
3 United States, following the sourcing rules of the Uniform  
4 Division of Income for Tax Purposes Act; and

5 CC. "worldwide combined group" means all members  
6 of a unitary group, except members that are exempt from  
7 corporate income tax pursuant to Section 7-2A-4 NMSA 1978,  
8 irrespective of the country in which the corporations are  
9 incorporated or conduct business activity."

10 SECTION 53. Section 7-9-73.2 NMSA 1978 (being Laws  
11 1998, Chapter 95, Section 2 and Laws 1998, Chapter 99,  
12 Section 4, as amended) is amended to read:

13 "7-9-73.2. DEDUCTION--GROSS RECEIPTS TAX AND  
14 GOVERNMENTAL GROSS RECEIPTS TAX--PRESCRIPTION DRUGS--  
15 OXYGEN--CANNABIS.--

16 A. Receipts from the sale of prescription drugs  
17 and oxygen and oxygen services provided by a licensed  
18 medicare durable medical equipment provider and cannabis  
19 products that are sold in accordance with the Lynn and Erin  
20 Compassionate Use Act may be deducted from gross receipts and  
21 governmental gross receipts.

22 B. For the purposes of this section, "prescription  
23 drugs" means insulin and substances that are:

24 (1) dispensed by or under the supervision of  
25 a licensed pharmacist or by a physician or other person

1 authorized under state law to do so;

2 (2) prescribed for a specified person by a  
3 person authorized under state law to prescribe the substance;  
4 and

5 (3) subject to the restrictions on sale  
6 contained in Subparagraph 1 of Subsection (b) of 21 USCA  
7 353."

8 SECTION 54. Section 9-11-12.1 NMSA 1978 (being Laws  
9 1997, Chapter 64, Section 1, as amended) is amended to read:

10 "9-11-12.1. TRIBAL COOPERATIVE AGREEMENTS.--

11 A. The secretary may enter into cooperative  
12 agreements with the Pueblos of Acoma, Cochiti, Jemez, Isleta,  
13 Laguna, Nambe, Picuris, Pojoaque, Sandia, San Felipe, San  
14 Ildefonso, San Juan, Santa Ana, Santa Clara, Santo Domingo,  
15 Taos, Tesuque, Zia and Zuni; the Jicarilla Apache Nation; the  
16 Mescalero Apache Tribe; and the nineteen pueblos acting  
17 collectively for the exchange of information and the  
18 reciprocal, joint or common enforcement, administration,  
19 collection, remittance and audit of gross receipts tax and  
20 cannabis excise tax revenues of the party jurisdictions.

21 B. Money collected by the department on behalf of  
22 a tribe in accordance with an agreement entered into pursuant  
23 to this section is not money of this state and shall be  
24 collected and disbursed in accordance with the terms of the  
25 agreement, notwithstanding any other provision of law.

1           C. The secretary is empowered to promulgate such  
2 rules and to establish such procedures as the secretary deems  
3 appropriate for the collection and disbursement of funds due  
4 a tribe and for the receipt of money collected by a tribe for  
5 the account of this state under the terms of a cooperative  
6 agreement entered into under the authority of this section,  
7 including procedures for identification of taxpayers or  
8 transactions that are subject only to the taxing authority of  
9 the tribe, taxpayers or transactions that are subject only to  
10 the taxing authority of this state and taxpayers or  
11 transactions that are subject to the taxing authority of both  
12 party jurisdictions.

13           D. Nothing in an agreement entered into pursuant  
14 to this section shall be construed as authorizing this state  
15 or a tribe to tax a person or transaction that federal law  
16 prohibits that government from taxing, authorizing a state or  
17 tribal court to assert jurisdiction over a person who is not  
18 otherwise subject to that court's jurisdiction or affecting  
19 any issue of the respective civil or criminal jurisdictions  
20 of this state or the tribe. Nothing in an agreement entered  
21 into pursuant to this section shall be construed as an  
22 assertion or an admission by either this state or a tribe  
23 that the taxes of one have precedence over the taxes of the  
24 other when a person or transaction is subject to the taxing  
25 authority of both governments. An agreement entered into



1 pursuant to this section shall be construed solely as an  
2 agreement between the two party governments and shall not  
3 alter or affect the government-to-government relations  
4 between this state and any other tribe.

5 E. As used in this section:

6 (1) "tribal" means of or pertaining to a  
7 tribe; and

8 (2) "tribe" means an Indian nation, tribe or  
9 pueblo located entirely in New Mexico."

10 SECTION 55. Section 9-16-4 NMSA 1978 (being Laws 1983,  
11 Chapter 297, Section 20, as amended) is amended to read:

12 "9-16-4. DEPARTMENT ESTABLISHED.--The "regulation and  
13 licensing department" is created in the executive branch.  
14 The department shall not be a cabinet department. The  
15 department shall consist of but not be limited to the  
16 following divisions:

17 A. the administrative services division;

18 B. the construction industries division;

19 C. the financial institutions division;

20 D. the securities division;

21 E. the manufactured housing division;

22 F. the alcoholic beverage control division; and

23 G. the cannabis control division."

24 SECTION 56. Section 9-16-6 NMSA 1978 (being Laws 1983,  
25 Chapter 297, Section 22, as amended) is amended to read:

1 "9-16-6. SUPERINTENDENT--DUTIES AND GENERAL POWERS.--

2 A. The superintendent is responsible to the  
3 governor for the operation of the department. It is the  
4 superintendent's duty to manage all operations of the  
5 department and to administer and enforce the laws with which  
6 the superintendent, the department or a division of the  
7 department is charged.

8 B. To perform the superintendent's duties, the  
9 superintendent has every power expressly enumerated in the  
10 laws, whether granted to the superintendent or the department  
11 or any division of the department, except where authority  
12 conferred upon any division is explicitly exempted from the  
13 superintendent's authority by statute. In accordance with  
14 these provisions, the superintendent shall:

15 (1) except as otherwise provided in the  
16 Regulation and Licensing Department Act, exercise general  
17 supervisory and appointing authority over all department  
18 employees, subject to any applicable personnel laws and  
19 regulations;

20 (2) delegate authority to subordinates as  
21 the superintendent deems necessary and appropriate, clearly  
22 delineating such delegated authority and the limitations  
23 thereto;

24 (3) organize the department into those  
25 organizational units the superintendent deems will enable it

1 to function most efficiently, subject to any provisions of  
2 law requiring or establishing specific organizational units;

3 (4) within the limitations of available  
4 appropriations and applicable laws, employ and fix the  
5 compensation of those persons necessary to discharge the  
6 superintendent's duties;

7 (5) take administrative action by issuing  
8 orders and instructions, not inconsistent with the law, to  
9 assure implementation of and compliance with the provisions  
10 of law for whose administration or execution the  
11 superintendent is responsible and to enforce those orders and  
12 instructions by appropriate administrative action or actions  
13 in the courts;

14 (6) conduct research and studies that will  
15 improve the operations of the department and the provision of  
16 services to the residents of the state;

17 (7) provide courses of instruction and  
18 practical training for employees of the department and other  
19 persons involved in the administration of programs, with the  
20 objective of improving the operations and efficiency of  
21 administration;

22 (8) prepare an annual budget of the  
23 department;

24 (9) provide administratively attached  
25 agencies assistance as necessary to:

1 (a) minimize or eliminate duplication  
2 of services and jurisdictional conflicts;

3 (b) coordinate activities and resolve  
4 problems of mutual concern; and

5 (c) provide implementation of licensure  
6 processes, budgeting, recordkeeping, procurement,  
7 contracting, hiring and supervision of staff and related  
8 administrative and clerical assistance for administratively  
9 attached agencies; and

10 (10) appoint, with the governor's consent, a  
11 "director" for each division. These appointed positions are  
12 exempt from the provisions of the Personnel Act. Persons  
13 appointed to these positions shall serve at the pleasure of  
14 the superintendent.

15 C. The superintendent may apply for and receive,  
16 with the governor's approval, in the name of the department  
17 any public or private funds, including United States  
18 government funds, available to the department to carry out  
19 its programs, duties or services.

20 D. The superintendent may make and adopt such  
21 reasonable and procedural rules as may be necessary to carry  
22 out the duties of the department and its divisions; provided  
23 that where a licensing entity requires submission of  
24 fingerprints as part of the initial license application, and  
25 a licensee has provided fingerprints and the license has been

1 issued, the licensing entity shall not require a licensee to  
2 submit fingerprints again to renew the license, but a  
3 licensee shall submit to a background investigation if  
4 required; and provided further that the prohibition against  
5 requiring additional fingerprints shall not apply to the  
6 financial institutions division of the department when  
7 utilizing the nationwide multistate licensing system and  
8 registry.

9 E. No rule promulgated by the director of any  
10 division in carrying out the functions and duties of the  
11 department or a division shall be effective until approved by  
12 the superintendent, unless otherwise provided by statute.  
13 Unless otherwise provided by statute, all rules adopted,  
14 amended or repealed by the superintendent or the director of  
15 any division shall have notice provided and be conducted and  
16 filed in accordance with the State Rules Act."

17 SECTION 57. Section 24-16-12 NMSA 1978 (being Laws  
18 2007, Chapter 20, Section 4, as amended) is amended to read:

19 "24-16-12. SMOKING-PERMITTED AREAS.--Notwithstanding  
20 any other provision of the Dee Johnson Clean Indoor Air Act,  
21 smoking-permitted areas include the following:

22 A. a private residence, unless it is used  
23 commercially to provide child care, adult care or health care  
24 or any combination of those activities;

25 B. a retail tobacco store; provided that, for a

1 retail tobacco store established on or after the effective  
2 date of this 2019 act, the store shall be located in a  
3 standalone building;

4 C. a cigar bar; provided that, for a cigar bar  
5 established on or after June 14, 2019, the bar shall be  
6 located in a standalone building;

7 D. the facilities of a tobacco manufacturing  
8 company licensed by the United States to manufacture tobacco  
9 products that are operated by the company in its own name and  
10 that are used exclusively by the company in its business of  
11 manufacturing, marketing or distributing its tobacco  
12 products; provided that secondhand smoke does not infiltrate  
13 other indoor workplaces or other indoor public places where  
14 smoking is otherwise prohibited under the Dee Johnson Clean  
15 Indoor Air Act;

16 E. a state-licensed gaming facility, casino or  
17 bingo parlor;

18 F. designated outdoor smoking areas;

19 G. private clubs;

20 H. hotel and motel rooms that are rented to guests  
21 and are designated as smoking-permitted rooms; provided that  
22 not more than ten percent of rooms rented to guests in a  
23 hotel or motel may be so designated;

24 I. a site that is being used in connection with  
25 the practice of cultural or ceremonial activities by Native

1 Americans and that is in accordance with the federal American  
2 Indian Religious Freedom Act, 42 U.S.C. 1996 and 1996a;

3 J. a theatrical stage or a motion picture or  
4 television production set when it is necessary for performers  
5 to smoke as part of the production; and

6 K. an indoor or outdoor cannabis consumption area  
7 pursuant to the Cannabis Regulation Act."

8 SECTION 58. Section 26-2B-3 NMSA 1978 (being Laws 2007,  
9 Chapter 210, Section 3, as amended) is amended to read:

10 "26-2B-3. DEFINITIONS.--As used in the Lynn and Erin  
11 Compassionate Use Act:

12 A. "adequate supply" means an amount of cannabis,  
13 in any form approved by the department, possessed by a  
14 qualified patient or collectively possessed by a qualified  
15 patient and the qualified patient's primary caregiver that is  
16 determined by rule of the department to be no more than  
17 reasonably necessary to ensure the uninterrupted availability  
18 of cannabis for a period of three months and that is derived  
19 solely from an intrastate source;

20 B. "cannabis":

21 (1) means all parts of the plant Cannabis  
22 containing a delta-9-tetrahydrocannabinol concentration of  
23 more than three-tenths percent on a dry weight basis, whether  
24 growing or not; the seeds of the plant; the resin extracted  
25 from any part of the plant; and every compound, manufacture,

1 salt, derivative, mixture or preparation of the plant, its  
2 seeds or its resin; and

3 (2) does not include the mature stalks of  
4 the plant; fiber produced from the stalks; oil or cake made  
5 from the seeds of the plant; any other compound, manufacture,  
6 salt, derivative, mixture or preparation of the mature  
7 stalks, fiber, oil or cake; the sterilized seed of the plant  
8 that is incapable of germination; the weight of any other  
9 ingredient combined with cannabis to prepare topical or oral  
10 administrations, food, drink or another product; or hemp;

11 C. "cannabis extract":

12 (1) means a product obtained by separating  
13 resins from cannabis by solvent extraction using solvents  
14 other than vegetable glycerin, such as butane, hexane,  
15 isopropyl alcohol, ethanol or carbon dioxide; and

16 (2) does not include the weight of any other  
17 ingredient combined with cannabis extract to prepare topical  
18 or oral administrations, food, drink or another product;

19 D. "cannabis flowers" means only the flowers of a  
20 cannabis plant;

21 E. "cannabis product":

22 (1) means a product that contains cannabis,  
23 including edible or topical products that may also contain  
24 other ingredients; and

25 (2) does not include the weight of any other



1 ingredient combined with cannabis or cannabis extract to  
2 prepare topical or oral administrations, food, drink or  
3 another product;

4 F. "debilitating medical condition" means:

- 5 (1) cancer;
- 6 (2) glaucoma;
- 7 (3) multiple sclerosis;
- 8 (4) damage to the nervous tissue of the  
9 spinal cord, with objective neurological indication of  
10 intractable spasticity;
- 11 (5) seizure disorder, including epilepsy;
- 12 (6) positive status for human  
13 immunodeficiency virus or acquired immune deficiency  
14 syndrome;
- 15 (7) admitted into hospice care in accordance  
16 with rules promulgated by the department;
- 17 (8) amyotrophic lateral sclerosis;
- 18 (9) Crohn's disease;
- 19 (10) hepatitis C infection;
- 20 (11) Huntington's disease;
- 21 (12) inclusion body myositis;
- 22 (13) inflammatory autoimmune-mediated  
23 arthritis;
- 24 (14) intractable nausea or vomiting;
- 25 (15) obstructive sleep apnea;

1 (16) painful peripheral neuropathy;  
2 (17) Parkinson's disease;  
3 (18) posttraumatic stress disorder;  
4 (19) severe chronic pain;  
5 (20) severe anorexia or cachexia;  
6 (21) spasmodic torticollis;  
7 (22) ulcerative colitis; or  
8 (23) any other medical condition, medical  
9 treatment or disease as approved by the department;

10 G. "department" means the department of health;

11 H. "division" means the cannabis control division  
12 of the regulation and licensing department;

13 I. "dry weight basis" means a process by which  
14 delta-9-tetrahydrocannabinol concentration is measured  
15 relative to the aggregate weight of all parts of the plant  
16 genus Cannabis, whether growing or not, including the leaves  
17 of the plant, the flowers and buds of the plant, the seeds of  
18 the plant, the resin of the plant and the stalks of the  
19 plant, at the point of harvest and with no moisture added to  
20 the harvested plant;

21 J. "hemp" means the plant genus Cannabis and any  
22 part of the plant, whether growing or not, containing a  
23 delta-9-tetrahydrocannabinol concentration of no more than  
24 three-tenths percent on a dry weight basis;

25 K. "medical cannabis program" means the program

1 established pursuant to the Lynn and Erin Compassionate Use  
2 Act for authorization and regulation of the medical use of  
3 cannabis in the state;

4 L. "practitioner" means a person licensed in New  
5 Mexico to prescribe and administer drugs that are subject to  
6 the Controlled Substances Act;

7 M. "primary caregiver" means a resident of New  
8 Mexico who is at least eighteen years of age and who has been  
9 designated by the patient's practitioner as being necessary  
10 to take responsibility for managing the well-being of a  
11 qualified patient with respect to the medical use of cannabis  
12 pursuant to the provisions of the Lynn and Erin Compassionate  
13 Use Act;

14 N. "qualified patient" means a resident of New  
15 Mexico who has been diagnosed by a practitioner as having a  
16 debilitating medical condition and has received written  
17 certification and a registry identification card pursuant to  
18 the Lynn and Erin Compassionate Use Act on the basis of  
19 having been diagnosed, in person or via telemedicine, by a  
20 practitioner as having a debilitating medical condition;

21 O. "reciprocal participant" means a person who is  
22 not a resident of New Mexico and who holds proof of  
23 enrollment by a governmental regulatory authority to  
24 participate in the medical cannabis program of another state  
25 of the United States, the District of Columbia or a territory

1 or commonwealth of the United States in which the person  
2 resides or a person who holds proof of enrollment by a  
3 governmental regulatory authority of a New Mexico Indian  
4 nation, tribe or pueblo to participate in its medical  
5 cannabis program;

6 P. "registry identification card" means a document  
7 that the department issues:

8 (1) to a qualified patient that identifies  
9 the bearer as a qualified patient and authorizes the  
10 qualified patient to use cannabis for a debilitating medical  
11 condition; or

12 (2) to a primary caregiver that identifies  
13 the bearer as a primary caregiver authorized to engage in the  
14 intrastate possession and administration of cannabis for the  
15 sole use of a qualified patient who is identified on the  
16 document;

17 Q. "safety-sensitive position" means a position in  
18 which performance by a person under the influence of drugs or  
19 alcohol would constitute an immediate or direct threat of  
20 injury or death to that person or another;

21 R. "telemedicine" means the use of  
22 telecommunications and information technology to provide  
23 clinical health care from a site apart from the site where  
24 the patient is located, in real time or asynchronously,  
25 including the use of interactive simultaneous audio and video

1 or store-and-forward technology, or off-site patient  
2 monitoring and telecommunications in order to deliver health  
3 care services;

4 S. "THC" means delta-9-tetrahydrocannabinol, a  
5 substance that is the primary psychoactive ingredient in  
6 cannabis; and

7 T. "written certification" means a statement made  
8 on a department-approved form and signed by a patient's  
9 practitioner that indicates, in the practitioner's  
10 professional opinion, that the patient has a debilitating  
11 medical condition and the practitioner believes that the  
12 potential health benefits of the medical use of cannabis  
13 would likely outweigh the health risks for the patient."

14 SECTION 59. Section 26-2B-4 NMSA 1978 (being Laws 2007,  
15 Chapter 210, Section 4, as amended) is amended to read:

16 "26-2B-4. EXEMPTION FROM CRIMINAL AND CIVIL PENALTIES  
17 FOR THE MEDICAL USE OF CANNABIS.--

18 A. A qualified patient or a qualified patient's  
19 primary caregiver shall not be subject to arrest, prosecution  
20 or penalty in any manner for the possession of or the medical  
21 use of cannabis if the quantity of cannabis does not exceed  
22 an adequate supply; provided that a qualified patient or the  
23 qualified patient's primary caregiver may possess that  
24 qualified patient's harvest of cannabis.

25 B. A reciprocal participant shall not be subject

1 to arrest, prosecution or penalty in any manner for the  
2 possession of or the medical use of cannabis if the quantity  
3 of cannabis does not exceed the limit identified by  
4 department rule.

5 C. The following conduct is lawful and shall not  
6 constitute grounds for detention, search or arrest of a  
7 person or for a violation of probation or parole, and  
8 cannabis products that relate to the conduct are not  
9 contraband or subject to seizure or forfeiture pursuant to  
10 the Controlled Substances Act or the Forfeiture Act:

11 (1) a qualified patient or primary caregiver  
12 possessing or transporting not more than an adequate supply  
13 or a reciprocal participant possessing or transporting not  
14 more than the limit identified by department rule;

15 (2) a qualified patient or primary caregiver  
16 purchasing or obtaining not more than an adequate supply from  
17 a lawful source or a reciprocal participant purchasing or  
18 obtaining not more than the limit identified by department  
19 rule;

20 (3) a qualified patient or reciprocal  
21 participant using or being under the influence of cannabis;  
22 provided that the qualified patient or reciprocal participant  
23 is acting consistent with law; or

24 (4) a qualified patient, primary caregiver  
25 or reciprocal participant transferring, without financial

1 consideration, to a qualified patient, primary caregiver or  
2 reciprocal participant not more than two ounces of cannabis,  
3 sixteen grams of cannabis extract and eight hundred  
4 milligrams of edible cannabis.

5 D. Subsection A of this section shall not apply to  
6 a qualified patient under the age of eighteen years, unless:

7 (1) the qualified patient's practitioner has  
8 explained the potential risks and benefits of the medical use  
9 of cannabis to the qualified patient and to a parent,  
10 guardian or other person having legal custody of the  
11 qualified patient; and

12 (2) a parent, guardian or other person  
13 having legal custody consents in writing to:

14 (a) allow the qualified patient's  
15 medical use of cannabis;

16 (b) serve as the qualified patient's  
17 primary caregiver; and

18 (c) control the dosage and the  
19 frequency of the medical use of cannabis by the qualified  
20 patient.

21 E. A qualified patient or a primary caregiver  
22 shall be granted the full legal protections provided in this  
23 section if the qualified patient or primary caregiver is in  
24 possession of a registry identification card. If the  
25 qualified patient or primary caregiver is not in possession

1 of a registry identification card, the qualified patient or  
2 primary caregiver shall be given an opportunity to produce  
3 the registry identification card before any arrest or  
4 criminal charges or other penalties are initiated.

5 F. A practitioner shall not be subject to arrest  
6 or prosecution, penalized in any manner or denied any right  
7 or privilege for recommending the medical use of cannabis or  
8 providing written certification for the medical use of  
9 cannabis pursuant to the Lynn and Erin Compassionate Use Act.

10 G. Any property interest that is possessed, owned  
11 or used in connection with the medical use of cannabis, or  
12 acts incidental to such use, shall not be harmed, neglected,  
13 injured or destroyed while in the possession of state or  
14 local law enforcement officials. Such property interest  
15 shall not be forfeited under any state or local law providing  
16 for the forfeiture of property except as provided in the  
17 Forfeiture Act. Cannabis, paraphernalia or other property  
18 seized from a qualified patient, primary caregiver or  
19 reciprocal participant in connection with the claimed medical  
20 use of cannabis shall be returned immediately upon the  
21 determination by a court or prosecutor that the qualified  
22 patient, primary caregiver or reciprocal participant is  
23 entitled to the protections of the provisions of the Lynn and  
24 Erin Compassionate Use Act, as may be evidenced by a failure  
25 to actively investigate the case, a decision not to



1 prosecute, the dismissal of charges or acquittal.

2 H. A person shall not be subject to arrest or  
3 prosecution for a cannabis-related offense for simply being  
4 in the presence of the medical use of cannabis as allowed  
5 under the provisions of the Lynn and Erin Compassionate Use  
6 Act."

7 SECTION 60. Section 26-2B-5 NMSA 1978 (being Laws 2007,  
8 Chapter 210, Section 5, as amended by Laws 2019, Chapter 247,  
9 Section 5 and by Laws 2019, Chapter 261, Section 2) is  
10 amended to read:

11 "26-2B-5. PROHIBITIONS, RESTRICTIONS AND LIMITATIONS ON  
12 THE MEDICAL USE OF CANNABIS--CRIMINAL PENALTIES.--

13 A. Participation in a medical use of cannabis  
14 program by a qualified patient, primary caregiver or  
15 reciprocal participant does not relieve the qualified  
16 patient, primary caregiver or reciprocal participant from:

17 (1) criminal prosecution or civil penalties  
18 for activities not authorized in the Lynn and Erin  
19 Compassionate Use Act;

20 (2) liability for damages or criminal  
21 prosecution arising out of the operation of a vehicle while  
22 under the influence of cannabis; or

23 (3) criminal prosecution or civil penalty  
24 for possession or use of cannabis:

25 (a) in the workplace of the qualified

1 patient's, primary caregiver's or reciprocal participant's  
2 employment; or

3 (b) at a public park, recreation  
4 center, youth center or other public place.

5 B. A person who makes a fraudulent representation  
6 to a law enforcement officer about the person's participation  
7 in a medical use of cannabis program to avoid arrest or  
8 prosecution for a cannabis-related offense is guilty of a  
9 petty misdemeanor and shall be sentenced in accordance with  
10 the provisions of Section 31-19-1 NMSA 1978."

11 **SECTION 61.** Section 26-2B-6.1 NMSA 1978 (being Laws  
12 2019, Chapter 247, Section 8) is amended to read:

13 "26-2B-6.1. ASSESSMENT REPORTING.--In consultation with  
14 qualified patients and primary caregivers, the department  
15 shall produce an assessment report annually, which shall be  
16 published to the public and that includes at a minimum an  
17 evaluation of:

18 A. the affordability of and accessibility to  
19 medical cannabis pursuant to the Lynn and Erin Compassionate  
20 Use Act; and

21 B. the needs of qualified patients who live in  
22 rural areas, federal subsidized housing or New Mexico Indian  
23 nations, tribes or pueblos."

24 **SECTION 62.** Section 26-2B-7 NMSA 1978 (being Laws 2007,  
25 Chapter 210, Section 7, as amended) is amended to read:

1           "26-2B-7. REGISTRY IDENTIFICATION CARDS--DEPARTMENT  
2 RULES--DUTIES--RECIPROCITY.--

3           A. After consultation with the advisory board, the  
4 department shall promulgate rules in accordance with the  
5 State Rules Act to implement the purpose of the Lynn and Erin  
6 Compassionate Use Act. The rules shall:

7                   (1) govern the manner in which the  
8 department will consider applications for registry  
9 identification cards and for the renewal of identification  
10 cards for qualified patients and primary caregivers;

11                   (2) define the amount of cannabis that is  
12 necessary to constitute an adequate supply, including amounts  
13 for topical treatments;

14                   (3) identify criteria and set forth  
15 procedures for including additional medical conditions,  
16 medical treatments or diseases to the list of debilitating  
17 medical conditions that qualify for the medical use of  
18 cannabis. Procedures shall include a petition process and  
19 shall allow for public comment and public hearings before the  
20 advisory board;

21                   (4) set forth additional medical conditions,  
22 medical treatments or diseases to the list of debilitating  
23 medical conditions that qualify for the medical use of  
24 cannabis as recommended by the advisory board;

25                   (5) determine additional duties and

1 responsibilities of the advisory board; and

2 (6) be revised and updated as necessary.

3 B. The department shall issue registry  
4 identification cards to a patient and to the primary  
5 caregiver for that patient, if any, who submit the following,  
6 in accordance with the department's rules:

7 (1) a written certification;

8 (2) the name, address and date of birth of  
9 the patient;

10 (3) the name, address and telephone number  
11 of the patient's practitioner; and

12 (4) the name, address and date of birth of  
13 the patient's primary caregiver, if any.

14 C. The department shall verify the information  
15 contained in an application submitted pursuant to Subsection  
16 B of this section and shall approve or deny an application  
17 within thirty days of receipt. The department may deny an  
18 application only if the applicant did not provide the  
19 information required pursuant to Subsection B of this section  
20 or if the department determines that the information provided  
21 is false. A person whose application has been denied shall  
22 not reapply for six months from the date of the denial unless  
23 otherwise authorized by the department.

24 D. The department shall issue a registry  
25 identification card within five days of approving an

1 application, and a card shall expire three years after the  
2 date of issuance.

3 E. A registry identification card shall contain:

4 (1) the name and date of birth of the  
5 qualified patient and primary caregiver, if any;

6 (2) the date of issuance and expiration date  
7 of the registry identification card; and

8 (3) other information that the department  
9 may require by rule.

10 F. A person who possesses a registry  
11 identification card shall notify the department of any change  
12 in the person's name, qualified patient's practitioner,  
13 qualified patient's primary caregiver or change in status of  
14 the qualified patient's debilitating medical condition within  
15 ten days of the change.

16 G. Possession of or application for a registry  
17 identification card shall not constitute probable cause or  
18 give rise to reasonable suspicion for a governmental agency  
19 to search the person or property of the person possessing or  
20 applying for the card.

21 H. The department shall maintain a confidential  
22 file containing the names and addresses of the persons who  
23 have either applied for or received a registry identification  
24 card. Individual names on the list shall be confidential and  
25 not subject to disclosure, except:

1 (1) to authorized employees or agents of the  
2 department as necessary to perform the duties of the  
3 department pursuant to the provisions of the Lynn and Erin  
4 Compassionate Use Act;

5 (2) to authorized employees of state or  
6 local law enforcement agencies, but only for the purpose of  
7 verifying that a person is lawfully in possession of a  
8 registry identification card;

9 (3) to the division; or

10 (4) as provided in the federal Health  
11 Insurance Portability and Accountability Act of 1996.

12 I. By March 1, 2020, the secretary of health shall  
13 adopt and promulgate rules relating to medical cannabis  
14 program reciprocity. The department may identify  
15 requirements for the granting of reciprocity, including  
16 provisions limiting the period of time in which a reciprocal  
17 participant may participate in the medical cannabis program.

18 J. A reciprocal participant:

19 (1) may participate in the medical cannabis  
20 program in accordance with department rules;

21 (2) shall not be required to comply with the  
22 registry identification card application and renewal  
23 requirements established pursuant to this section and  
24 department rules;

25 (3) shall at all times possess proof of

1 authorization to participate in the medical cannabis program  
2 of another state, the District of Columbia, a territory or  
3 commonwealth of the United States or a New Mexico Indian  
4 nation, tribe or pueblo and shall present proof of that  
5 authorization when purchasing cannabis from a person licensed  
6 pursuant to the Cannabis Regulation Act; and

7 (4) shall register with a person licensed  
8 pursuant to the Cannabis Regulation Act for the purpose of  
9 tracking sales to the reciprocal participant in an electronic  
10 system that is accessible to the department."

11 SECTION 63. Section 30-31-2 NMSA 1978 (being Laws 1972,  
12 Chapter 84, Section 2, as amended) is amended to read:

13 "30-31-2. DEFINITIONS.--As used in the Controlled  
14 Substances Act:

15 A. "administer" means the direct application of a  
16 controlled substance by any means to the body of a patient or  
17 research subject by a practitioner or the practitioner's  
18 agent;

19 B. "agent" includes an authorized person who acts  
20 on behalf of a manufacturer, distributor or dispenser. It  
21 does not include a common or contract carrier, public  
22 warehouseperson or employee of the carrier or  
23 warehouseperson;

24 C. "board" means the board of pharmacy;

25 D. "bureau" means the narcotic and dangerous drug

1 section of the criminal division of the United States  
2 department of justice, or its successor agency;

3 E. "controlled substance" means a drug or  
4 substance listed in Schedules I through V of the Controlled  
5 Substances Act or rules adopted thereto;

6 F. "counterfeit substance" means a controlled  
7 substance that bears the unauthorized trademark, trade name,  
8 imprint, number, device or other identifying mark or likeness  
9 of a manufacturer, distributor or dispenser other than the  
10 person who in fact manufactured, distributed or dispensed the  
11 controlled substance;

12 G. "deliver" means the actual, constructive or  
13 attempted transfer from one person to another of a controlled  
14 substance or controlled substance analog, whether or not  
15 there is an agency relationship;

16 H. "dispense" means to deliver a controlled  
17 substance to an ultimate user or research subject pursuant to  
18 the lawful order of a practitioner, including the  
19 administering, prescribing, packaging, labeling or  
20 compounding necessary to prepare the controlled substance for  
21 that delivery;

22 I. "dispenser" means a practitioner who dispenses  
23 and includes hospitals, pharmacies and clinics where  
24 controlled substances are dispensed;

25 J. "distribute" means to deliver other than by



1 administering or dispensing a controlled substance or  
2 controlled substance analog;

3 K. "drug" or "substance" means substances  
4 recognized as drugs in the official United States  
5 pharmacopoeia, official homeopathic pharmacopoeia of the  
6 United States or official national formulary or any  
7 respective supplement to those publications. It does not  
8 include devices or their components, parts or accessories;

9 L. "manufacture" means the production,  
10 preparation, compounding, conversion or processing of a  
11 controlled substance or controlled substance analog by  
12 extraction from substances of natural origin or independently  
13 by means of chemical synthesis or by a combination of  
14 extraction and chemical synthesis and includes any packaging  
15 or repackaging of the substance or labeling or relabeling of  
16 its container, except that this term does not include the  
17 preparation or compounding of a controlled substance:

18 (1) by a practitioner as an incident to  
19 administering or dispensing a controlled substance in the  
20 course of the practitioner's professional practice; or

21 (2) by a practitioner, or by the  
22 practitioner's agent under the practitioner's supervision,  
23 for the purpose of or as an incident to research, teaching or  
24 chemical analysis and not for sale;

25 M. "narcotic drug" means any of the following,

1 whether produced directly or indirectly by extraction from  
2 substances of vegetable origin or independently by means of  
3 chemical synthesis or by a combination of extraction and  
4 chemical synthesis:

5 (1) opium and opiate and any salt, compound,  
6 derivative or preparation of opium or opiate;

7 (2) any salt, compound, isomer, derivative  
8 or preparation that is a chemical equivalent of any of the  
9 substances referred to in Paragraph (1) of this subsection,  
10 except the isoquinoline alkaloids of opium;

11 (3) opium poppy and poppy straw, including  
12 all parts of the plant of the species *Papaver somniferum* L.  
13 except its seeds; or

14 (4) coca leaves and any salt, compound,  
15 derivative or preparation of coca leaves, any salt, compound,  
16 isomer, derivative or preparation that is a chemical  
17 equivalent of any of these substances except decocainized  
18 coca leaves or extractions of coca leaves that do not contain  
19 cocaine or ecgonine;

20 N. "opiate" means any substance having an  
21 addiction-forming or addiction-sustaining liability similar  
22 to morphine or being capable of conversion into a drug having  
23 addiction-forming or addiction-sustaining liability.

24 "Opiate" does not include, unless specifically designated as  
25 controlled under Section 30-31-5 NMSA 1978, the

1 dextrorotatory isomer of 3-methoxy-n-methylmorphinan and its  
2 salts, dextromethorphan. "Opiate" does include its racemic  
3 and levorotatory forms;

4 O. "person" means an individual, partnership,  
5 corporation, association, institution, political subdivision,  
6 government agency or other legal entity;

7 P. "practitioner" means a physician, certified  
8 advanced practice chiropractic physician, doctor of oriental  
9 medicine, dentist, physician assistant, certified nurse  
10 practitioner, clinical nurse specialist, certified nurse-  
11 midwife, prescribing psychologist, veterinarian, euthanasia  
12 technician, pharmacist, pharmacist clinician or other person  
13 licensed or certified to prescribe and administer drugs that  
14 are subject to the Controlled Substances Act;

15 Q. "prescription" means an order given  
16 individually for the person for whom is prescribed a  
17 controlled substance, either directly from a licensed  
18 practitioner or the practitioner's agent to the pharmacist,  
19 including by means of electronic transmission, or indirectly  
20 by means of a written order signed by the prescriber, bearing  
21 the name and address of the prescriber, the prescriber's  
22 license classification, the name and address of the patient,  
23 the name and quantity of the drug prescribed, directions for  
24 use and the date of issue and in accordance with the  
25 Controlled Substances Act or rules adopted thereto;

1           R. "scientific investigator" means a person  
2 registered to conduct research with controlled substances in  
3 the course of the person's professional practice or research  
4 and includes analytical laboratories;

5           S. "ultimate user" means a person who lawfully  
6 possesses a controlled substance for the person's own use or  
7 for the use of a member of the person's household or for  
8 administering to an animal under the care, custody and  
9 control of the person or by a member of the person's  
10 household;

11           T. "drug paraphernalia" means, except as to use in  
12 accordance with the Cannabis Regulation Act or the Lynn and  
13 Erin Compassionate Use Act, all equipment, products and  
14 materials of any kind that are used, intended for use or  
15 designed for use in planting, propagating, cultivating,  
16 growing, harvesting, manufacturing, compounding, converting,  
17 producing, processing, preparing, testing, analyzing,  
18 packaging, repackaging, storing, containing, concealing,  
19 injecting, ingesting, inhaling or otherwise introducing into  
20 the human body a controlled substance or controlled substance  
21 analog in violation of the Controlled Substances Act. It  
22 includes:

23                 (1) kits used, intended for use or designed  
24 for use in planting, propagating, cultivating, growing or  
25 harvesting any species of plant that is a controlled

1 substance or controlled substance analog or from which a  
2 controlled substance can be derived;

3 (2) kits used, intended for use or designed  
4 for use in manufacturing, compounding, converting, producing,  
5 processing or preparing controlled substances or controlled  
6 substance analogs;

7 (3) isomerization devices used, intended for  
8 use or designed for use in increasing the potency of any  
9 species of plant that is a controlled substance;

10 (4) testing equipment used, intended for use  
11 or designed for use in identifying or in analyzing the  
12 strength, effectiveness or purity of controlled substances or  
13 controlled substance analogs;

14 (5) scales or balances used, intended for  
15 use or designed for use in weighing or measuring controlled  
16 substances or controlled substance analogs;

17 (6) diluents and adulterants, such as  
18 quinine hydrochloride, mannitol, mannite dextrose and  
19 lactose, used, intended for use or designed for use in  
20 cutting controlled substances or controlled substance  
21 analogs;

22 (7) blenders, bowls, containers, spoons and  
23 mixing devices used, intended for use or designed for use in  
24 compounding controlled substances or controlled substance  
25 analogs;

1 (8) capsules, balloons, envelopes and other  
2 containers used, intended for use or designed for use in  
3 packaging small quantities of controlled substances or  
4 controlled substance analogs;

5 (9) containers and other objects used,  
6 intended for use or designed for use in storing or concealing  
7 controlled substances or controlled substance analogs;

8 (10) hypodermic syringes, needles and other  
9 objects used, intended for use or designed for use in  
10 parenterally injecting controlled substances or controlled  
11 substance analogs into the human body;

12 (11) objects used, intended for use or  
13 designed for use in ingesting, inhaling or otherwise  
14 introducing cocaine into the human body, such as:

15 (a) metal, wooden, acrylic, glass,  
16 stone, plastic or ceramic pipes, with or without screens,  
17 permanent screens, hashish heads or punctured metal bowls;

18 (b) water pipes;

19 (c) carburetion tubes and devices;

20 (d) smoking and carburetion masks;

21 (e) miniature cocaine spoons and  
22 cocaine vials;

23 (f) chamber pipes;

24 (g) carburetor pipes;

25 (h) electric pipes;

1 (i) air-driven pipes;  
2 (j) chilams;  
3 (k) bongs; or  
4 (l) ice pipes or chillers; and  
5 (12) in determining whether an object is  
6 drug paraphernalia, a court or other authority should  
7 consider, in addition to all other logically relevant  
8 factors, the following:  
9 (a) statements by the owner or by  
10 anyone in control of the object concerning its use;  
11 (b) the proximity of the object, in  
12 time and space, to a direct violation of the Controlled  
13 Substances Act or any other law relating to controlled  
14 substances or controlled substance analogs;  
15 (c) the proximity of the object to  
16 controlled substances or controlled substance analogs;  
17 (d) the existence of any residue of a  
18 controlled substance or controlled substance analog on the  
19 object;  
20 (e) instructions, written or oral,  
21 provided with the object concerning its use;  
22 (f) descriptive materials accompanying  
23 the object that explain or depict its use;  
24 (g) the manner in which the object is  
25 displayed for sale; and

1 (h) expert testimony concerning its  
2 use;

3 U. "controlled substance analog" means a substance  
4 other than a controlled substance that has a chemical  
5 structure substantially similar to that of a controlled  
6 substance in Schedule I, II, III, IV or V or that was  
7 specifically designed to produce effects substantially  
8 similar to that of controlled substances in Schedule I, II,  
9 III, IV or V. Examples of chemical classes in which  
10 controlled substance analogs are found:

11 (1) include:

- 12 (a) phenethylamines;
- 13 (b) N-substituted piperidines;
- 14 (c) morphinans;
- 15 (d) ecgonines;
- 16 (e) quinazolinones;
- 17 (f) substituted indoles; and
- 18 (g) arylcycloalkylamines; and

19 (2) do not include those substances that are  
20 generally recognized as safe and effective within the meaning  
21 of the Federal Food, Drug, and Cosmetic Act or have been  
22 manufactured, distributed or possessed in conformance with  
23 the provisions of an approved new drug application or an  
24 exemption for investigational use within the meaning of  
25 Section 505 of the Federal Food, Drug, and Cosmetic Act;



1           V. "human consumption" includes application,  
2 injection, inhalation, ingestion or any other manner of  
3 introduction;

4           W. "drug-free school zone" means a public school,  
5 parochial school or private school or property that is used  
6 for a public, parochial or private school purpose and the  
7 area within one thousand feet of the school property line,  
8 but it does not mean any post-secondary school; and

9           X. "valid practitioner-patient relationship" means  
10 a professional relationship, as defined by the practitioner's  
11 licensing board, between the practitioner and the patient."

12         SECTION 64. Section 30-31-6 NMSA 1978 (being Laws 1972,  
13 Chapter 84, Section 6, as amended) is amended to read:

14         "30-31-6. SCHEDULE I.--The following controlled  
15 substances are included in Schedule I:

16           A. any of the following opiates, including their  
17 isomers, esters, ethers, salts, and salts of isomers, esters  
18 and ethers, unless specifically exempted, whenever the  
19 existence of these isomers, esters, ethers and salts is  
20 possible within the specific chemical designation:

- 21                 (1) acetylmethadol;
- 22                 (2) allylprodine;
- 23                 (3) alphacetylmethadol;
- 24                 (4) alphameprodine;
- 25                 (5) alphasmethadol;

- 1 (6) benzethidine;
- 2 (7) betacetylmethadol;
- 3 (8) betameprodine;
- 4 (9) betamethadol;
- 5 (10) betaprodine;
- 6 (11) clonitazene;
- 7 (12) dextromoramide;
- 8 (13) dextrorphan;
- 9 (14) diampromide;
- 10 (15) diethylthiambutene;
- 11 (16) dimenoxadol;
- 12 (17) dimepheptanol;
- 13 (18) dimethylthiambutene;
- 14 (19) dioxaphetyl butyrate;
- 15 (20) dipipanone;
- 16 (21) ethylmethylthiambutene;
- 17 (22) etonitazene;
- 18 (23) etoxeridine;
- 19 (24) furethidine;
- 20 (25) hydroxypethidine;
- 21 (26) ketobemidone;
- 22 (27) levomoramide;
- 23 (28) levophenacylmorphane;
- 24 (29) morpheridine;
- 25 (30) noracymethadol;

- (31) norlevorphanol;
- (32) normethadone;
- (33) norpipanone;
- (34) phenadoxone;
- (35) phenampromide;
- (36) phenomorphan;
- (37) phenoperidine;
- (38) piritramide;
- (39) proheptazine;
- (40) properidine;
- (41) racemoramide; and
- (42) trimeperidine;

B. any of the following opium derivatives, their salts, isomers and salts of isomers, unless specifically exempted, whenever the existence of these salts, isomers and salts of isomers is possible within the specific chemical designation:

- (1) acetorphine;
- (2) acetyldihydrocodeine;
- (3) benzylmorphine;
- (4) codeine methylbromide;
- (5) codeine-N-oxide;
- (6) cyprenorphine;
- (7) desomorphine;
- (8) dihydromorphine;

- (9) etorphine;
- (10) heroin;
- (11) hydromorphenol;
- (12) methyldesorphine;
- (13) methyldihydromorphine;
- (14) morphine methylbromide;
- (15) morphine methylsulfonate;
- (16) morphine-N-oxide;
- (17) myrophine;
- (18) nicocodeine;
- (19) nicomorphine;
- (20) normorphine;
- (21) pholcodine; and
- (22) thebacon;

C. any material, compound, mixture or preparation that contains any quantity of the following hallucinogenic substances, their salts, isomers and salts of isomers, unless specifically exempted, whenever the existence of these salts, isomers and salts of isomers is possible within the specific chemical designation:

- (1) 3,4-methylenedioxy amphetamine;
- (2) 5-methoxy-3,4-methylenedioxy  
amphetamine;
- (3) 3,4,5-trimethoxy amphetamine;
- (4) bufotenine;

(5) diethyltryptamine;  
(6) dimethyltryptamine;  
(7) 4-methyl-2,5-dimethoxy amphetamine;  
(8) ibogaine;  
(9) lysergic acid diethylamide;  
(10) mescaline;  
(11) peyote, except as otherwise provided in  
the Controlled Substances Act;  
(12) N-ethyl-3-piperidyl benzilate;  
(13) N-methyl-3-piperidyl benzilate;  
(14) psilocybin;  
(15) psilocyn;  
(16) synthetic cannabinoids, including:  
(a) 1-[2-(4-(morpholinyl)ethyl)  
-3-(1-naphthoyl)indole;  
(b) 1-butyl-3-(1-naphthoyl)indole;  
(c) 1-hexyl-3-(1-naphthoyl)indole;  
(d) 1-pentyl-3-(1-naphthoyl)indole;  
(e) 1-pentyl-3-(2-methoxyphenylacetyl)  
indole;  
(f) cannabicyclohexanol (CP 47, 497 and  
homologues: 5-(1,1-dimethylheptyl)-2-[(1R,3S)  
-3-hydroxycyclohexyl]-phenol (CP-47,497); and 5-(1,  
1-dimethyloctyl)-2-[(1R,3S)-3-hydroxycyclohexyl]-phenol;  
(g) 6aR,10aR)-9-(hydroxymethyl)

1 -6,6-dimethyl-3-(2-methyloctan-2-yl)-6a,7,10,  
2 10a-tetrahydrobenzo[c]chromen-1-ol);

3 (h) dexanabinol, (6aS,10aS)  
4 -9-(hydroxymethyl)-6,6-dimethyl-3-(2-methyloctan-2-yl)  
5 -6a,7,10,10a-tetrahydrobenzo[c]chromen-1-ol;

6 (i) 1-pentyl-3-(4-chloro naphthoyl)  
7 indole;

8 (j) (2-methyl-1-propyl-1H-indol-3-yl)  
9 -1-naphthalenyl-methanone; and

10 (k) 5-(1,1-dimethylheptyl)-2-(3-hydroxy  
11 cyclohexyl)-phenol;

12 (17) 3,4-methylenedioxymethcathinone;

13 (18) 3,4-methylenedioxypyrovalerone;

14 (19) 4-methylmethcathinone;

15 (20) 4-methoxymethcathinone;

16 (21) 3-fluoromethcathinone; and

17 (22) 4-fluoromethcathinone;

18 D. the enumeration of peyote as a controlled  
19 substance does not apply to the use of peyote in bona fide  
20 religious ceremonies by a bona fide religious organization,  
21 and members of the organization so using peyote are exempt  
22 from registration. Any person who manufactures peyote for or  
23 distributes peyote to the organization or its members shall  
24 comply with the federal Comprehensive Drug Abuse Prevention  
25 and Control Act of 1970 and all other requirements of law;

1           E. the enumeration of Schedule I controlled  
2 substances does not apply to:

3                 (1) hemp pursuant to rules promulgated by  
4 the board of regents of New Mexico state university on behalf  
5 of the New Mexico department of agriculture;

6                 (2) cultivation of hemp by persons pursuant  
7 to rules promulgated by the board of regents of New Mexico  
8 state university on behalf of the New Mexico department of  
9 agriculture;

10                (3) tetrahydrocannabinols or chemical  
11 derivatives of tetrahydrocannabinols, including  
12 tetrahydrocannabinols or chemical derivatives of  
13 tetrahydrocannabinols with concentrations of up to five  
14 percent as measured using a post-decarboxylation method and  
15 based on percentage dry weight, possessed by a person in  
16 connection with the cultivation, transportation, testing,  
17 researching, manufacturing or other processing of the plant  
18 Cannabis sativa L., or any part of the plant whether growing  
19 or not, if authorized pursuant to rules promulgated, pursuant  
20 to the Hemp Manufacturing Act, by the board of regents of New  
21 Mexico state university on behalf of the New Mexico  
22 department of agriculture or the department of environment;  
23 or

24                (4) tetrahydrocannabinols or chemical  
25 derivatives of tetrahydrocannabinols, including

1 tetrahydrocannabinols or chemical derivatives of  
2 tetrahydrocannabinols in any concentration possessed by a  
3 person in connection with the extraction of  
4 tetrahydrocannabinols or chemical derivatives of  
5 tetrahydrocannabinols, if authorized pursuant to rules  
6 promulgated, pursuant to the Hemp Manufacturing Act, by the  
7 board of regents of New Mexico state university on behalf of  
8 the New Mexico department of agriculture or the department of  
9 environment; and

10 F. controlled substances added to Schedule I by  
11 rule adopted by the board pursuant to Section 30-31-3 NMSA  
12 1978."

13 SECTION 65. Section 30-31-7 NMSA 1978 (being Laws 1972,  
14 Chapter 84, Section 7, as amended) is amended to read:

15 "30-31-7. SCHEDULE II.--

16 A. The following controlled substances are  
17 included in Schedule II:

18 (1) any of the following substances, except  
19 those narcotic drugs listed in other schedules, whether  
20 produced directly or indirectly by extraction from substances  
21 of vegetable origin, or independently by means of chemical  
22 synthesis, or by combination of extraction and chemical  
23 synthesis:

24 (a) opium and opiate, and any salt,  
25 compound, derivative or preparation of opium or opiate;



1 (b) any salt, compound, isomer,  
2 derivative or preparation thereof that is chemically  
3 equivalent or identical with any of the substances referred  
4 to in Subparagraph (a) of this paragraph, but not including  
5 the isoquinoline alkaloids of opium;

6 (c) opium poppy and poppy straw; and

7 (d) coca leaves and any salt, compound,  
8 derivative or preparation of coca leaves, and any salt,  
9 compound, derivative or preparation thereof that is  
10 chemically equivalent or identical with any of these  
11 substances, but not including decocainized coca leaves or  
12 extractions that do not contain cocaine or ecgonine;

13 (2) any of the following opiates, including  
14 their isomers, esters, ethers, salts and salts of isomers,  
15 whenever the existence of these isomers, esters, ethers and  
16 salts is possible within the specific chemical designation:

17 (a) alphaprodine;

18 (b) anileridine;

19 (c) bezitramide;

20 (d) dihydrocodeine;

21 (e) diphenoxylate;

22 (f) fentanyl;

23 (g) hydromorphone;

24 (h) isomethadone;

25 (i) levomethorphan;

(j) levorphanol;  
(k) meperidine;  
(l) metazocine;  
(m) methadone;  
(n) methadone--intermediate,  
4-cyano-2-dimethylamino-4, 4-diphenyl butane;  
(o) moramide--intermediate,  
2-methyl-3-morpholino-1, 1-diphenyl-propane-carboxylic acid;  
(p) oxycodone;  
(q) pethidine;  
(r) pethidine--intermediate--A,  
4-cyano-1-methyl-4-phenylpiperidine;  
(s) pethidine--intermediate--B,  
ethyl-4-phenyl-piperidine-4-carboxylate;  
(t) pethidine--intermediate--C,  
1-methyl-4-phenylpiperidine-4-carboxylic acid;  
(u) phenazocine;  
(v) piminodine;  
(w) racemethorphan; and  
(x) racemorphan;

(3) unless listed in another schedule, any material, compound, mixture or preparation that contains any quantity of the following substances having a potential for abuse associated with a stimulant effect on the central nervous system:

1 (a) amphetamine, its salts, optical  
2 isomers and salts of its optical isomers;  
3 (b) phenmetrazine and its salts;  
4 (c) methamphetamine, its salts, isomers  
5 and salts of isomers; and  
6 (d) methylphenidate; and  
7 (4) controlled substances added to Schedule  
8 II by rule adopted by the board pursuant to Section 30-31-3  
9 NMSA 1978.

10 B. Where methadone is prescribed, administered or  
11 dispensed by a practitioner of a drug abuse rehabilitation  
12 program while acting in the course of the practitioner's  
13 professional practice, or otherwise lawfully obtained or  
14 possessed by a person, such person shall not possess such  
15 methadone beyond the date stamped or typed on the label of  
16 the container of the methadone, nor shall any person possess  
17 methadone except in the container in which it was originally  
18 administered or dispensed to such person, and such container  
19 shall include a label showing the name of the prescribing  
20 physician or practitioner, the identity of methadone, the  
21 name of the ultimate user, the date when the methadone is to  
22 be administered to or used or consumed by the named ultimate  
23 user shown on the label and a warning on the label of the  
24 methadone container that the ultimate user must use, consume  
25 or administer to the ultimate user the methadone in such

1 container. Any person who violates this subsection is guilty  
2 of a felony and shall be punished by imprisonment for not  
3 less than one year nor more than five years, or by a fine of  
4 up to five thousand dollars (\$5,000), or both."

5 SECTION 66. Section 30-31-21 NMSA 1978 (being Laws  
6 1972, Chapter 84, Section 21, as amended) is amended to read:

7 "30-31-21. DISTRIBUTION TO A MINOR.--Except as  
8 authorized by the Controlled Substances Act, no person who is  
9 eighteen years of age or older shall intentionally distribute  
10 a controlled substance to a person under the age of eighteen  
11 years. Any person who violates this section with respect to  
12 a controlled substance enumerated in Schedule I, II, III or  
13 IV or a controlled substance analog of any controlled  
14 substance enumerated in Schedule I, II, III or IV is:

15 (1) for the first offense, guilty of a  
16 second degree felony and shall be sentenced pursuant to the  
17 provisions of Section 31-18-15 NMSA 1978; and

18 (2) for the second and subsequent offenses,  
19 guilty of a first degree felony and shall be sentenced  
20 pursuant to the provisions of Section 31-18-15 NMSA 1978."

21 SECTION 67. Section 30-31-22 NMSA 1978 (being Laws  
22 1972, Chapter 84, Section 22, as amended) is amended to read:

23 "30-31-22. CONTROLLED OR COUNTERFEIT SUBSTANCES--  
24 DISTRIBUTION PROHIBITED.--

25 A. Except as authorized by the Controlled

1 Substances Act, it is unlawful for a person to intentionally  
2 distribute or possess with intent to distribute a controlled  
3 substance or a controlled substance analog except a substance  
4 enumerated in Schedule I or II that is a narcotic drug, a  
5 controlled substance analog of a controlled substance  
6 enumerated in Schedule I or II that is a narcotic drug or  
7 methamphetamine, its salts, isomers and salts of isomers. A  
8 person who violates this subsection with respect to:

9 (1) synthetic cannabinoids is:

10 (a) for the first offense, guilty of a  
11 fourth degree felony and shall be sentenced pursuant to the  
12 provisions of Section 31-18-15 NMSA 1978;

13 (b) for the second and subsequent  
14 offenses, guilty of a third degree felony and shall be  
15 sentenced pursuant to the provisions of Section 31-18-15 NMSA  
16 1978;

17 (c) for the first offense, if more than  
18 one hundred pounds is possessed with intent to distribute or  
19 distributed or both, guilty of a third degree felony and  
20 shall be sentenced pursuant to the provisions of Section  
21 31-18-15 NMSA 1978; and

22 (d) for the second and subsequent  
23 offenses, if more than one hundred pounds is possessed with  
24 intent to distribute or distributed or both, guilty of a  
25 second degree felony and shall be sentenced pursuant to the

1 provisions of Section 31-18-15 NMSA 1978;

2 (2) any other controlled substance  
3 enumerated in Schedule I, II, III or IV or a controlled  
4 substance analog of a controlled substance enumerated in  
5 Schedule I, II, III or IV except a substance enumerated in  
6 Schedule I or II that is a narcotic drug, a controlled  
7 substance analog of a controlled substance enumerated in  
8 Schedule I or II that is a narcotic drug or methamphetamine,  
9 its salts, isomers and salts of isomers, is:

10 (a) for the first offense, guilty of a  
11 third degree felony and shall be sentenced pursuant to the  
12 provisions of Section 31-18-15 NMSA 1978; and

13 (b) for the second and subsequent  
14 offenses, guilty of a second degree felony and shall be  
15 sentenced pursuant to the provisions of Section 31-18-15 NMSA  
16 1978; and

17 (3) a controlled substance enumerated in  
18 Schedule V or a controlled substance analog of a controlled  
19 substance enumerated in Schedule V is guilty of a misdemeanor  
20 and shall be punished by a fine of not less than one hundred  
21 dollars (\$100) or more than five hundred dollars (\$500) or by  
22 imprisonment for a definite term not less than one hundred  
23 eighty days but less than one year, or both.

24 B. It is unlawful for a person to distribute gamma  
25 hydroxybutyric acid or flunitrazepam to another person

1 without that person's knowledge and with intent to commit a  
2 crime against that person, including criminal sexual  
3 penetration. For the purposes of this subsection, "without  
4 that person's knowledge" means the person is unaware that a  
5 substance with the ability to alter that person's ability to  
6 appraise conduct or to decline participation in or  
7 communicate unwillingness to participate in conduct is being  
8 distributed to that person. Any person who violates this  
9 subsection is:

10 (1) for the first offense, guilty of a third  
11 degree felony and shall be sentenced pursuant to the  
12 provisions of Section 31-18-15 NMSA 1978; and

13 (2) for the second and subsequent offenses,  
14 guilty of a second degree felony and shall be sentenced  
15 pursuant to the provisions of Section 31-18-15 NMSA 1978.

16 C. Except as authorized by the Controlled  
17 Substances Act, it is unlawful for a person to intentionally  
18 create or deliver, or possess with intent to deliver, a  
19 counterfeit substance. A person who violates this subsection  
20 with respect to:

21 (1) a counterfeit substance enumerated in  
22 Schedule I, II, III or IV is guilty of a fourth degree felony  
23 and shall be sentenced pursuant to the provisions of Section  
24 31-18-15 NMSA 1978; and

25 (2) a counterfeit substance enumerated in

1 Schedule V is guilty of a petty misdemeanor and shall be  
2 punished by a fine of not more than one hundred dollars  
3 (\$100) or by imprisonment for a definite term not to exceed  
4 six months, or both.

5 D. A person who knowingly violates Subsection A or  
6 C of this section while within a drug-free school zone with  
7 respect to:

8 (1) synthetic cannabinoids is:

9 (a) for the first offense, guilty of a  
10 third degree felony and shall be sentenced pursuant to the  
11 provisions of Section 31-18-15 NMSA 1978;

12 (b) for the second and subsequent  
13 offenses, guilty of a second degree felony and shall be  
14 sentenced pursuant to the provisions of Section 31-18-15 NMSA  
15 1978;

16 (c) for the first offense, if more than  
17 one hundred pounds is possessed with intent to distribute or  
18 distributed or both, guilty of a second degree felony and  
19 shall be sentenced pursuant to the provisions of Section  
20 31-18-15 NMSA 1978; and

21 (d) for the second and subsequent  
22 offenses, if more than one hundred pounds is possessed with  
23 intent to distribute or distributed or both, guilty of a  
24 first degree felony and shall be sentenced pursuant to the  
25 provisions of Section 31-18-15 NMSA 1978;



1                   (2) any other controlled substance  
2 enumerated in Schedule I, II, III or IV or a controlled  
3 substance analog of a controlled substance enumerated in  
4 Schedule I, II, III or IV except a substance enumerated in  
5 Schedule I or II that is a narcotic drug, a controlled  
6 substance analog of a controlled substance enumerated in  
7 Schedule I or II that is a narcotic drug or methamphetamine,  
8 its salts, isomers and salts of isomers, is:

9                   (a) for the first offense, guilty of a  
10 second degree felony and shall be sentenced pursuant to the  
11 provisions of Section 31-18-15 NMSA 1978; and

12                   (b) for the second and subsequent  
13 offenses, guilty of a first degree felony and shall be  
14 sentenced pursuant to the provisions of Section 31-18-15 NMSA  
15 1978;

16                   (3) a controlled substance enumerated in  
17 Schedule V or a controlled substance analog of a controlled  
18 substance enumerated in Schedule V is guilty of a fourth  
19 degree felony and shall be sentenced pursuant to the  
20 provisions of Section 31-18-15 NMSA 1978; and

21                   (4) the intentional creation, delivery or  
22 possession with the intent to deliver:

23                   (a) a counterfeit substance enumerated  
24 in Schedule I, II, III or IV is guilty of a third degree  
25 felony and shall be sentenced pursuant to the provisions of

1 Section 31-18-15 NMSA 1978; and

2 (b) a counterfeit substance enumerated  
3 in Schedule V is guilty of a misdemeanor and shall be  
4 punished by a fine of not less than one hundred dollars  
5 (\$100) nor more than five hundred dollars (\$500) or by  
6 imprisonment for a definite term not less than one hundred  
7 eighty days but less than one year, or both.

8 E. Notwithstanding the provisions of Subsection A  
9 of this section, distribution of a small amount of synthetic  
10 cannabinoids for no remuneration shall be treated as provided  
11 in Paragraph (1) of Subsection B of Section 30-31-23 NMSA  
12 1978."

13 SECTION 68. Section 30-31-23 NMSA 1978 (being Laws  
14 1972, Chapter 84, Section 23, as amended) is amended to read:

15 "30-31-23. CONTROLLED SUBSTANCES--POSSESSION  
16 PROHIBITED.--

17 A. It is unlawful for a person intentionally to  
18 possess a controlled substance unless the substance was  
19 obtained pursuant to a valid prescription or order of a  
20 practitioner while acting in the course of professional  
21 practice or except as otherwise authorized by the Controlled  
22 Substances Act. It is unlawful for a person intentionally to  
23 possess a controlled substance analog.

24 B. A person who violates this section with respect  
25 to:

1                   (1) one ounce or less of synthetic  
2                   cannabinoids is, for the first offense, guilty of a petty  
3                   misdemeanor and shall be punished by a fine of not less than  
4                   fifty dollars (\$50.00) or more than one hundred dollars  
5                   (\$100) and by imprisonment for not more than fifteen days,  
6                   and, for the second and subsequent offenses, is guilty of a  
7                   misdemeanor and shall be punished by a fine of not less than  
8                   one hundred dollars (\$100) or more than one thousand dollars  
9                   (\$1,000) or by imprisonment for a definite term less than one  
10                  year, or both;

11                  (2) more than one ounce and less than eight  
12                  ounces of synthetic cannabinoids is guilty of a misdemeanor  
13                  and shall be punished by a fine of not less than one hundred  
14                  dollars (\$100) or more than one thousand dollars (\$1,000) or  
15                  by imprisonment for a definite term less than one year, or  
16                  both; or

17                  (3) eight ounces or more of synthetic  
18                  cannabinoids is guilty of a fourth degree felony and shall be  
19                  sentenced pursuant to the provisions of Section 31-18-15 NMSA  
20                  1978.

21                  C. A minor who violates this section with respect  
22                  to the substances listed in this subsection is guilty of a  
23                  petty misdemeanor and, notwithstanding the provisions of  
24                  Sections 32A-1-5 and 32A-2-19 NMSA 1978, shall be required to  
25                  perform no more than forty-eight hours of community service.

1 For the third or subsequent violation by a minor of this  
2 section with respect to those substances, the provisions of  
3 Section 32A-2-19 NMSA 1978 shall govern punishment of the  
4 minor. As used in this subsection, "minor" means a person  
5 who is less than eighteen years of age. The provisions of  
6 this subsection apply to the following substances:

7 (1) synthetic cannabinoids;

8 (2) any of the substances listed in  
9 Paragraphs (17) through (22) of Subsection C of Section  
10 30-31-6 NMSA 1978; or

11 (3) a substance added to Schedule I by a  
12 rule of the board adopted on or after March 31, 2011 if the  
13 board determines that the pharmacological effect of the  
14 substance, the risk to the public health by abuse of the  
15 substance and the potential of the substance to produce  
16 psychic or physiological dependence liability is similar to  
17 the substances described in Paragraph (1) or (2) of this  
18 subsection.

19 D. Except as provided in Subsections B and F of  
20 this section, and for those substances listed in Subsection E  
21 of this section, a person who violates this section with  
22 respect to any amount of any controlled substance enumerated  
23 in Schedule I, II, III or IV or a controlled substance analog  
24 of a substance enumerated in Schedule I, II, III or IV is  
25 guilty of a misdemeanor and shall be punished by a fine of

1 not less than five hundred dollars (\$500) or more than one  
2 thousand dollars (\$1,000) or by imprisonment for a definite  
3 term less than one year, or both.

4 E. A person who violates this section with respect  
5 to phencyclidine as enumerated in Schedule III or a  
6 controlled substance analog of phencyclidine;  
7 methamphetamine, its salts, isomers or salts of isomers as  
8 enumerated in Schedule II or a controlled substance analog of  
9 methamphetamine, its salts, isomers or salts of isomers;  
10 flunitrazepam, its salts, isomers or salts of isomers as  
11 enumerated in Schedule I or a controlled substance analog of  
12 flunitrazepam, including naturally occurring metabolites, its  
13 salts, isomers or salts of isomers; gamma hydroxybutyric acid  
14 and any chemical compound that is metabolically converted to  
15 gamma hydroxybutyric acid, its salts, isomers or salts of  
16 isomers as enumerated in Schedule I or a controlled substance  
17 analog of gamma hydroxybutyric acid, its salts, isomers or  
18 salts of isomers; gamma butyrolactone and any chemical  
19 compound that is metabolically converted to gamma  
20 hydroxybutyric acid, its salts, isomers or salts of isomers  
21 as enumerated in Schedule I or a controlled substance analog  
22 of gamma butyrolactone, its salts, isomers or salts of  
23 isomers; 1-4 butane diol and any chemical compound that is  
24 metabolically converted to gamma hydroxybutyric acid, its  
25 salts, isomers or salts of isomers as enumerated in Schedule

1 I or a controlled substance analog of 1-4 butane diol, its  
2 salts, isomers or salts of isomers; or a narcotic drug  
3 enumerated in Schedule I or II or a controlled substance  
4 analog of a narcotic drug enumerated in Schedule I or II is  
5 guilty of a fourth degree felony and shall be sentenced  
6 pursuant to the provisions of Section 31-18-15 NMSA 1978.

7 F. Except for a minor as provided in Subsection C  
8 of this section, a person who violates Subsection A of this  
9 section while within a posted drug-free school zone,  
10 excluding private property residentially zoned or used  
11 primarily as a residence and excluding a person in or on a  
12 motor vehicle in transit through the posted drug-free school  
13 zone, with respect to:

14 (1) one ounce or less of synthetic  
15 cannabinoids is, for the first offense, guilty of a  
16 misdemeanor and shall be punished by a fine of not less than  
17 one hundred dollars (\$100) or more than one thousand dollars  
18 (\$1,000) or by imprisonment for a definite term less than one  
19 year, or both, and for the second or subsequent offense, is  
20 guilty of a fourth degree felony and shall be sentenced  
21 pursuant to the provisions of Section 31-18-15 NMSA 1978;

22 (2) more than one ounce and less than eight  
23 ounces of synthetic cannabinoids is guilty of a fourth degree  
24 felony and shall be sentenced pursuant to the provisions of  
25 Section 31-18-15 NMSA 1978;

1                   (3) eight ounces or more of synthetic  
2                   cannabinoids is guilty of a third degree felony and shall be  
3                   sentenced pursuant to the provisions of Section 31-18-15 NMSA  
4                   1978;

5                   (4) any amount of any other controlled  
6                   substance enumerated in Schedule I, II, III or IV or a  
7                   controlled substance analog of a substance enumerated in  
8                   Schedule I, II, III or IV, except phencyclidine as enumerated  
9                   in Schedule III, a narcotic drug enumerated in Schedule I or  
10                  II or a controlled substance analog of a narcotic drug  
11                  enumerated in Schedule I or II, is guilty of a fourth degree  
12                  felony and shall be sentenced pursuant to the provisions of  
13                  Section 31-18-15 NMSA 1978; and

14                  (5) phencyclidine as enumerated in Schedule  
15                  III, a narcotic drug enumerated in Schedule I or II, a  
16                  controlled substance analog of phencyclidine or a controlled  
17                  substance analog of a narcotic drug enumerated in Schedule I  
18                  or II is guilty of a third degree felony and shall be  
19                  sentenced pursuant to the provisions of Section 31-18-15 NMSA  
20                  1978."

21                  **SECTION 69.** Section 30-31-34 NMSA 1978 (being Laws  
22                  1972, Chapter 84, Section 33, as amended) is amended to read:

23                  "30-31-34. FORFEITURES--PROPERTY SUBJECT.--The  
24                  following are subject to forfeiture pursuant to the  
25                  provisions of the Forfeiture Act:

1           A. all raw materials, products and equipment of  
2 any kind, including firearms that are used or intended for  
3 use in manufacturing, compounding, processing, delivering,  
4 importing or exporting any controlled substance or controlled  
5 substance analog in violation of the Controlled Substances  
6 Act;

7           B. all property that is used or intended for use  
8 as a container for property described in Subsection A of this  
9 section;

10           C. all conveyances, including aircraft, vehicles  
11 or vessels that are used or intended for use to transport or  
12 in any manner to facilitate the transportation for the  
13 purpose of sale of property described in Subsection A of this  
14 section;

15           D. all books, records and research products and  
16 materials, including formulas, microfilm, tapes and data that  
17 are used or intended for use in violation of the Controlled  
18 Substances Act;

19           E. narcotics paraphernalia or money that is a  
20 fruit or instrumentality of the crime;

21           F. notwithstanding Subsection C of this section  
22 and the provisions of the Forfeiture Act:

23               (1) a conveyance used by a person as a  
24 common carrier in the transaction of business as a common  
25 carrier shall not be subject to forfeiture pursuant to this



1 section unless it appears that the owner or other person in  
2 charge of the conveyance is a consenting party or privy to a  
3 violation of the Controlled Substances Act;

4 (2) a conveyance shall not be subject to  
5 forfeiture pursuant to this section by reason of an act or  
6 omission established for the owner to have been committed or  
7 omitted without the owner's knowledge or consent;

8 (3) a conveyance is not subject to  
9 forfeiture for a violation of law the penalty for which is a  
10 misdemeanor; and

11 (4) a forfeiture of a conveyance encumbered  
12 by a bona fide security interest shall be subject to the  
13 interest of a secured party if the secured party neither had  
14 knowledge of nor consented to the act or omission; and

15 G. all drug paraphernalia as defined by Subsection  
16 T of Section 30-31-2 NMSA 1978."

17 **SECTION 70. TEMPORARY PROVISION--TRANSFER--FUNCTIONS,**  
18 **PERSONNEL, MONEY, PROPERTY, CONTRACTUAL OBLIGATIONS AND**  
19 **STATUTORY REFERENCES--MEDICAL CANNABIS FUND--RULES.--**

20 A. On the effective date of this act, all  
21 functions, personnel, money, appropriations, records,  
22 furniture, equipment and other property of the department of  
23 health's medical cannabis program that are not part of the  
24 department's medical cannabis registry powers and duties  
25 shall be transferred to the regulation and licensing

1 department.

2 B. On the effective date of this act, all  
3 contractual obligations and other agreements of the  
4 department of health as they pertain to the department's  
5 medical cannabis program that are not part of the  
6 department's medical cannabis registry powers and duties are  
7 binding on the regulation and licensing department.

8 C. Statutory references to the department of  
9 health that pertain to the department's medical cannabis  
10 program that are not part of the department's medical  
11 cannabis registry powers and duties shall be deemed to be  
12 references to the cannabis control division of the regulation  
13 and licensing department.

14 D. On the effective date of this act, any  
15 unexpended or unencumbered balance in the medical cannabis  
16 fund is transferred to the cannabis regulation fund.

17 E. Except to the extent any administrative rules  
18 are inconsistent with the provisions of this act, any  
19 administrative rules adopted by an officer, agency or other  
20 entity whose responsibilities have been transferred pursuant  
21 to the provisions of this act to another officer, agency or  
22 other entity remain in force until amended by the officer,  
23 agency or other entity to which the responsibility for the  
24 adoption of the rules has been transferred. To the extent  
25 any administrative rules are inconsistent with the provisions

of this act, such rules are null and void.

**SECTION 71. TEMPORARY PROVISION--STUDY--REPORT.--**

A. The legislative finance committee shall study the fiscal and economic impacts of the Cannabis Regulation Act for fiscal years 2023 through 2027 and provide a report to the revenue stabilization and tax policy committee on or before December 1, 2027.

B. The report shall include:

(1) the impacts on budgets and staffing of the regulation and licensing department and the department of health;

(2) the impacts on general fund revenue and expenses;

(3) the impacts on potential funds created by the Cannabis Regulation Act;

(4) the impacts on the medical cannabis program;

(5) the impacts on local and state law enforcement; and

(6) the economic impact on the state, including:

(a) job creation;

(b) tourism; and

(c) other economic impacts.

**SECTION 72. REPEAL.--Section 9-7-17.1 NMSA 1978 (being**

Laws 2012, Chapter 42, Section 1) is repealed.

SECTION 73. DELAYED REPEAL.--Section 40 of this act is repealed effective December 31, 2025.\_\_\_\_\_

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1 AN ACT  
2 RELATING TO CONTROLLED SUBSTANCES; DECREASING PENALTIES FOR  
3 POSSESSION OF MARIJUANA AND OF DRUG PARAPHERNALIA; CREATING A  
4 PENALTY ASSESSMENT FOR THE CRIMINAL CODE.

5  
6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

7 SECTION 1. Section 30-31-23 NMSA 1978 (being Laws 1972,  
8 Chapter 84, Section 23, as amended) is amended to read:

9 "30-31-23. CONTROLLED SUBSTANCES--POSSESSION  
10 PROHIBITED.--

11 A. It is unlawful for a person intentionally to  
12 possess a controlled substance unless the substance was  
13 obtained pursuant to a valid prescription or order of a  
14 practitioner while acting in the course of professional  
15 practice or except as otherwise authorized by the Controlled  
16 Substances Act. It is unlawful for a person intentionally to  
17 possess a controlled substance analog.

18 B. A person who violates this section with respect  
19 to:

20 (1) up to one-half ounce of marijuana shall  
21 be issued a penalty assessment, pursuant to Section 3 of this  
22 2019 act and is subject to a fine of fifty dollars (\$50.00);

23 (2) more than one-half ounce but up to and  
24 including one ounce of marijuana is, for the first offense,  
25 guilty of a petty misdemeanor and shall be punished by a fine

1 of not less than fifty dollars (\$50.00) or more than one  
2 hundred dollars (\$100) and by imprisonment for not more than  
3 fifteen days, and, for a second or subsequent offense, is  
4 guilty of a misdemeanor and shall be punished by a fine of  
5 not less than one hundred dollars (\$100) or more than one  
6 thousand dollars (\$1,000) or by imprisonment for a definite  
7 term of less than one year, or both;

8 (3) more than one ounce but less than eight  
9 ounces of marijuana is guilty of a misdemeanor and shall be  
10 punished by a fine of not less than one hundred dollars  
11 (\$100) or more than one thousand dollars (\$1,000) or by  
12 imprisonment for a definite term of less than one year, or  
13 both; or

14 (4) eight ounces or more of marijuana is  
15 guilty of a fourth degree felony and shall be sentenced  
16 pursuant to the provisions of Section 31-18-15 NMSA 1978.

17 C. A person who violates this section with respect  
18 to:

19 (1) one ounce or less of synthetic  
20 cannabinoids is, for the first offense, guilty of a petty  
21 misdemeanor and shall be punished by a fine of not less than  
22 fifty dollars (\$50.00) or more than one hundred dollars  
23 (\$100) and by imprisonment for not more than fifteen days,  
24 and, for the second and subsequent offenses, is guilty of a  
25 misdemeanor and shall be punished by a fine of not less than

1 one hundred dollars (\$100) or more than one thousand dollars  
2 (\$1,000) or by imprisonment for a definite term less than one  
3 year, or both;

4 (2) more than one ounce and less than eight  
5 ounces of synthetic cannabinoids is guilty of a misdemeanor  
6 and shall be punished by a fine of not less than one hundred  
7 dollars (\$100) or more than one thousand dollars (\$1,000) or  
8 by imprisonment for a definite term less than one year, or  
9 both; or

10 (3) eight ounces or more of synthetic  
11 cannabinoids is guilty of a fourth degree felony and shall be  
12 sentenced pursuant to the provisions of Section 31-18-15  
13 NMSA 1978.

14 D. A minor who violates this section with respect  
15 to the substances listed in this subsection is guilty of a  
16 petty misdemeanor and, notwithstanding the provisions of  
17 Sections 32A-1-5 and 32A-2-19 NMSA 1978, shall be punished by  
18 a fine not to exceed one hundred dollars (\$100) or  
19 forty-eight hours of community service. For the third or  
20 subsequent violation by a minor of this section with respect  
21 to those substances, the provisions of Section 32A-2-19 NMSA  
22 1978 shall govern punishment of the minor. As used in this  
23 subsection, "minor" means a person who is less than eighteen  
24 years of age. The provisions of this subsection apply to the  
25 following substances:

1                   (1) synthetic cannabinoids;  
2                   (2) any of the substances listed in  
3 Paragraphs (20) through (25) of Subsection C of  
4 Section 30-31-6 NMSA 1978; or  
5                   (3) a substance added to Schedule I by a  
6 rule of the board adopted on or after March 31, 2011 if the  
7 board determines that the pharmacological effect of the  
8 substance, the risk to the public health by abuse of the  
9 substance and the potential of the substance to produce  
10 psychic or physiological dependence liability is similar to  
11 the substances described in Paragraph (1) or (2) of this  
12 subsection.

13               E. Except as provided in Subsections B, C and G of  
14 this section, and for those substances listed in Subsection F  
15 of this section, a person who violates this section with  
16 respect to any amount of any controlled substance enumerated  
17 in Schedule I, II, III or IV or a controlled substance analog  
18 of a substance enumerated in Schedule I, II, III or IV is  
19 guilty of a misdemeanor and shall be punished by a fine of  
20 not less than five hundred dollars (\$500) or more than one  
21 thousand dollars (\$1,000) or by imprisonment for a definite  
22 term less than one year, or both.

23               F. A person who violates this section with respect  
24 to phencyclidine as enumerated in Schedule III or a  
25 controlled substance analog of phencyclidine;



1 methamphetamine, its salts, isomers or salts of isomers as  
2 enumerated in Schedule II or a controlled substance analog of  
3 methamphetamine, its salts, isomers or salts of isomers;  
4 flunitrazepam, its salts, isomers or salts of isomers as  
5 enumerated in Schedule I or a controlled substance analog of  
6 flunitrazepam, including naturally occurring metabolites, its  
7 salts, isomers or salts of isomers; gamma hydroxybutyric acid  
8 and any chemical compound that is metabolically converted to  
9 gamma hydroxybutyric acid, its salts, isomers or salts of  
10 isomers as enumerated in Schedule I or a controlled substance  
11 analog of gamma hydroxybutyric acid, its salts, isomers or  
12 salts of isomers; gamma butyrolactone and any chemical  
13 compound that is metabolically converted to gamma  
14 hydroxybutyric acid, its salts, isomers or salts of isomers  
15 as enumerated in Schedule I or a controlled substance analog  
16 of gamma butyrolactone, its salts, isomers or salts of  
17 isomers; 1-4 butane diol and any chemical compound that is  
18 metabolically converted to gamma hydroxybutyric acid, its  
19 salts, isomers or salts of isomers as enumerated in Schedule  
20 I or a controlled substance analog of 1-4 butane diol, its  
21 salts, isomers or salts of isomers; or a narcotic drug  
22 enumerated in Schedule I or II or a controlled substance  
23 analog of a narcotic drug enumerated in Schedule I or II is  
24 guilty of a fourth degree felony and shall be sentenced  
25 pursuant to the provisions of Section 31-18-15 NMSA 1978.

1           G. Except for a minor as defined in Subsection D  
2 of this section, a person who violates Subsection A of this  
3 section while within a posted drug-free school zone,  
4 excluding private property residentially zoned or used  
5 primarily as a residence and excluding a person in or on a  
6 motor vehicle in transit through the posted drug-free school  
7 zone, with respect to:

8                   (1) one ounce or less of marijuana or  
9 synthetic cannabinoids is, for the first offense, guilty of a  
10 misdemeanor and shall be punished by a fine of not less than  
11 one hundred dollars (\$100) or more than one thousand dollars  
12 (\$1,000) or by imprisonment for a definite term less than one  
13 year, or both, and for the second or subsequent offense, is  
14 guilty of a fourth degree felony and shall be sentenced  
15 pursuant to the provisions of Section 31-18-15 NMSA 1978;

16                   (2) more than one ounce and less than eight  
17 ounces of marijuana or synthetic cannabinoids is guilty of a  
18 fourth degree felony and shall be sentenced pursuant to the  
19 provisions of Section 31-18-15 NMSA 1978;

20                   (3) eight ounces or more of marijuana or  
21 synthetic cannabinoids is guilty of a third degree felony and  
22 shall be sentenced pursuant to the provisions of Section  
23 31-18-15 NMSA 1978;

24                   (4) any amount of any other controlled  
25 substance enumerated in Schedule I, II, III or IV or a

1 controlled substance analog of a substance enumerated in  
2 Schedule I, II, III or IV, except phencyclidine as enumerated  
3 in Schedule III, a narcotic drug enumerated in Schedule I or  
4 II or a controlled substance analog of a narcotic drug  
5 enumerated in Schedule I or II, is guilty of a fourth degree  
6 felony and shall be sentenced pursuant to the provisions of  
7 Section 31-18-15 NMSA 1978; and

8 (5) phencyclidine as enumerated in Schedule  
9 III, a narcotic drug enumerated in Schedule I or II, a  
10 controlled substance analog of phencyclidine or a controlled  
11 substance analog of a narcotic drug enumerated in Schedule I  
12 or II is guilty of a third degree felony and shall be  
13 sentenced pursuant to the provisions of Section 31-18-15  
14 NMSA 1978."

15 SECTION 2. Section 30-31-25.1 NMSA 1978 (being  
16 Laws 1981, Chapter 31, Section 2, as amended) is amended to  
17 read:

18 "30-31-25.1. POSSESSION, DELIVERY OR MANUFACTURE OF  
19 DRUG PARAPHERNALIA PROHIBITED--EXCEPTIONS.--

20 A. It is unlawful for a person to use or possess  
21 with intent to use drug paraphernalia to plant, propagate,  
22 cultivate, grow, harvest, manufacture, compound, convert,  
23 produce, process, prepare, test, analyze, pack, repack,  
24 store, contain, conceal, inject, ingest, inhale or otherwise  
25 introduce into the human body a controlled substance in

1 violation of the Controlled Substances Act. The provisions  
2 of this subsection do not apply to a person who is in  
3 possession of hypodermic syringes or needles at the time the  
4 person is directly and immediately engaged in a harm  
5 reduction program, as provided in the Harm Reduction Act.

6 B. It is unlawful for a person to deliver, possess  
7 with intent to deliver or manufacture with the intent to  
8 deliver drug paraphernalia with knowledge, or under  
9 circumstances where one reasonably should know, that it will  
10 be used to plant, propagate, cultivate, grow, harvest,  
11 manufacture, compound, convert, produce, process, prepare,  
12 test, analyze, pack, repack, store, contain, conceal, inject,  
13 ingest, inhale or otherwise introduce into the human body a  
14 controlled substance in violation of the Controlled  
15 Substances Act. The provisions of this subsection do not  
16 apply to:

17 (1) department of health employees or their  
18 designees while they are directly and immediately engaged in  
19 activities related to the harm reduction program authorized  
20 by the Harm Reduction Act; or

21 (2) the sale or distribution of hypodermic  
22 syringes and needles by pharmacists licensed pursuant to the  
23 Pharmacy Act.

24 C. A person who violates the provisions of  
25 Subsection A of this section shall be issued a penalty

1 assessment pursuant to Section 3 of this 2019 act and is  
2 subject to a fine of fifty dollars (\$50.00). A person who  
3 violates the provisions of Subsection B of this section is  
4 guilty of a misdemeanor.

5 D. A person eighteen years of age or over who  
6 violates the provisions of Subsection B of this section by  
7 delivering drug paraphernalia to a person under eighteen  
8 years of age and who is at least three years the person's  
9 junior is guilty of a fourth degree felony and shall be  
10 sentenced pursuant to the provisions of Section 31-18-15  
11 NMSA 1978."

12 SECTION 3. A new section of Chapter 31 NMSA 1978 is  
13 enacted to read:

14 "PENALTY ASSESSMENT.--

15 A. Payment of a fine pursuant to a penalty  
16 assessment citation shall not be considered a criminal  
17 conviction.

18 B. Whenever a person is issued a penalty  
19 assessment under the Criminal Code, the officer shall advise  
20 the person of the option either to accept the penalty  
21 assessment and pay it to the court or to appear in court.  
22 The officer, using a uniform non-traffic citation, shall  
23 complete the information section, prepare the penalty  
24 assessment and prepare a notice to appear in court specifying  
25 the time and place to appear. The citation shall state the

1 address to which the penalty assessment is to be paid if the  
2 person accepts the penalty assessment and does not elect to  
3 appear in court. The officer shall have the person sign the  
4 citation as a promise either to pay the penalty assessment as  
5 prescribed or to appear in court as specified, give a copy of  
6 the citation to the person and release the person from  
7 custody. An officer shall not accept custody of payment of  
8 any penalty assessment.

9 C. The officer may issue a warning notice, but  
10 shall fill in the information section of the citation and  
11 give a copy to the person after requiring a signature on the  
12 warning notice as an acknowledgment of receipt.

13 D. In order to secure release, the person shall  
14 give a written promise to appear in court or to pay the  
15 penalty assessment prescribed or acknowledge receipt of a  
16 warning notice.

17 E. The magistrate court or metropolitan court in  
18 the county where the alleged violation occurred has  
19 jurisdiction for any case arising from a penalty assessment  
20 under the Criminal Code.

21 F. A penalty assessment citation issued by a law  
22 enforcement officer shall be submitted to the appropriate  
23 magistrate court or metropolitan court within five business  
24 days of issuance. If the citation is not submitted within  
25 three business days, it may be dismissed with prejudice.

1           G. A citation with a written promise to appear in  
2 court or to pay the penalty assessment is a summons. If a  
3 person fails to appear or to pay the penalty assessment by  
4 the appearance date, a warrant for failure to appear may be  
5 issued.

6           H. A written promise to appear in court may be  
7 complied with by appearance of counsel.

8           I. When a person issued a penalty assessment  
9 elects to appear in court rather than to pay the penalty  
10 assessment to the court, no fine imposed upon later  
11 conviction shall exceed the penalty assessment established  
12 for the particular penalty assessment. A person who elects  
13 to appear in court shall pay the costs required by law to be  
14 collected by magistrate or metropolitan court judges.

15           J. Penalty assessments collected by a magistrate  
16 court or metropolitan court pursuant to this section shall be  
17 transferred to the administrative office of the courts for  
18 credit to the magistrate drug court fund."

19           SECTION 4. TEMPORARY PROVISION--INSTRUCTIONS TO  
20 COMPILER.--The New Mexico compilation commission shall  
21 compile Section 3 of this act in a new article of Chapter 31  
22 NMSA 1978.

23           SECTION 5. EFFECTIVE DATE.--The effective date of the  
24 provisions of this act is July 1, 2019. \_\_\_\_\_

1 AN ACT  
2 RELATING TO CANNABIS; ENACTING THE CANNABIS REGULATION ACT;  
3 CREATING THE CANNABIS CONTROL DIVISION OF THE REGULATION AND  
4 LICENSING DEPARTMENT; PROVIDING POWERS AND DUTIES; SETTING  
5 LIMITATIONS ON SALES AND PURCHASES OF CANNABIS; PROVIDING FOR  
6 LICENSURE AND PERMITTING; TRANSFERRING LICENSING AUTHORITY  
7 UNDER THE LYNN AND ERIN COMPASSIONATE USE ACT TO THE CANNABIS  
8 CONTROL DIVISION; CREATING THE CANNABIS REGULATORY ADVISORY  
9 COMMITTEE; CREATING A FUND; AUTHORIZING THE REGULATION AND  
10 LICENSING DEPARTMENT TO ENTER INTO INTERGOVERNMENTAL  
11 AGREEMENTS WITH INDIAN NATIONS, TRIBES AND PUEBLOS; REQUIRING  
12 TRAINING FOR PERMITTEES; ENACTING THE CANNABIS TAX ACT;  
13 DISTRIBUTING A PORTION OF THE CANNABIS EXCISE TAX TO  
14 MUNICIPALITIES AND COUNTIES; REQUIRING REPORTING; PRESCRIBING  
15 PENALTIES; AMENDING, REPEALING AND ENACTING SECTIONS OF THE  
16 NMSA 1978.

17  
18 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

19 SECTION 1. SHORT TITLE.--Sections 1 through 42 of this  
20 act may be cited as the "Cannabis Regulation Act".

21 SECTION 2. DEFINITIONS.--As used in the Cannabis  
22 Regulation Act:

23 A. "advertisement":

24 (1) means a statement or a depiction that is  
25 intended to induce the purchase of cannabis products and that



1 is displayed in printed material or on a sign or other  
2 outdoor display or presented in a radio, television or other  
3 media broadcast or in digital media; and

4 (2) does not include:

5 (a) a sign or outdoor display or other  
6 statement permanently affixed to a licensed premises that is  
7 intended to induce the sale of a cannabis product produced or  
8 sold on the premises;

9 (b) a label affixed to a cannabis  
10 product or the covering, wrapper or container of a cannabis  
11 product; or

12 (c) an editorial or other material  
13 printed in a publication when the publication of the  
14 editorial or material was not paid for by a licensee and was  
15 not intended to promote the sale of cannabis products by a  
16 particular brand or company;

17 B. "cannabis":

18 (1) means all parts of the plant genus  
19 Cannabis containing a delta-9-tetrahydrocannabinol  
20 concentration of more than three-tenths percent on a dry  
21 weight basis, whether growing or not; the seeds of the plant;  
22 the resin extracted from any part of the plant; and every  
23 compound, manufacture, salt, derivative, mixture or  
24 preparation of the plant, its seeds or its resin; and

25 (2) does not include:

1 (a) the mature stalks of the plant;  
2 fiber produced from the stalks; oil or cake made from the  
3 seeds of the plant; any other compound, manufacture, salt,  
4 derivative, mixture or preparation of the mature stalks,  
5 fiber, oil or cake; or the sterilized seed of the plant that  
6 is incapable of germination; or

7 (b) the weight of any other ingredient  
8 combined with cannabis products to prepare topical or oral  
9 administrations, food, drink or another product;

10 C. "cannabis consumption area" means an area where  
11 cannabis products may be served and consumed;

12 D. "cannabis courier" means a person that  
13 transports cannabis products to qualified patients, primary  
14 caregivers or reciprocal participants or directly to  
15 consumers;

16 E. "cannabis establishment" means:

- 17 (1) a cannabis testing laboratory;  
18 (2) a cannabis manufacturer;  
19 (3) a cannabis producer;  
20 (4) a cannabis retailer;  
21 (5) a cannabis research laboratory;  
22 (6) a vertically integrated cannabis  
23 establishment;  
24 (7) a cannabis producer microbusiness; or  
25 (8) an integrated cannabis microbusiness;

1 F. "cannabis extract":

2 (1) means a product obtained by separating  
3 resins, tetrahydrocannabinols or other substances from  
4 cannabis by extraction methods approved by the division; and

5 (2) does not include the weight of any other  
6 ingredient combined with cannabis extract to prepare topical  
7 or oral administrations, food, drink or another product;

8 G. "cannabis flowers" means only the flowers of a  
9 cannabis plant;

10 H. "cannabis manufacturer" means a person that:

11 (1) manufactures cannabis products;

12 (2) packages cannabis products;

13 (3) has cannabis products tested by a  
14 cannabis testing laboratory; or

15 (4) purchases, acquires, sells or transports  
16 wholesale cannabis products to other cannabis establishments;

17 I. "cannabis producer" means a person that:

18 (1) cultivates cannabis plants;

19 (2) has unprocessed cannabis products tested  
20 by a cannabis testing laboratory;

21 (3) transports unprocessed cannabis products  
22 only to other cannabis establishments; or

23 (4) sells cannabis products wholesale;

24 J. "cannabis producer microbusiness" means a  
25 cannabis producer at a single licensed premises that

1 possesses no more than two hundred total mature cannabis  
2 plants at any one time;

3 K. "cannabis product" means a product that is or  
4 that contains cannabis or cannabis extract, including edible  
5 or topical products that may also contain other ingredients;

6 L. "cannabis research laboratory" means a facility  
7 that produces or possesses cannabis products and all parts of  
8 the plant genus Cannabis for the purpose of studying cannabis  
9 cultivation, characteristics or uses;

10 M. "cannabis retailer" means a person that sells  
11 cannabis products to qualified patients, primary caregivers  
12 or reciprocal participants or directly to consumers;

13 N. "cannabis server permit" means an authorization  
14 that allows a person to directly offer, sell or serve  
15 cannabis or cannabis products as part of commercial cannabis  
16 activity in a cannabis consumption area;

17 O. "cannabis server permit education provider"  
18 means a person that provides cannabis server education  
19 courses and examinations;

20 P. "cannabis testing laboratory" means a person  
21 that samples, collects and tests cannabis products and  
22 transports cannabis products for the purpose of testing;

23 Q. "cannabis training and education program" means  
24 a practical or academic curriculum offered by a New Mexico  
25 public post-secondary educational institution designed to

1 prepare students for participation in the cannabis industry;

2 R. "commercial cannabis activity":

3 (1) means the cultivation, production,  
4 possession, manufacture, storage, testing, researching,  
5 labeling, transportation, couriering, purchase for resale,  
6 sale or consignment of cannabis products; and

7 (2) does not include activities related only  
8 to the medical cannabis program, to cannabis training and  
9 education programs or to the personal cultivation or use of  
10 cannabis;

11 S. "consumer" means a person twenty-one years of  
12 age or older who purchases, acquires, owns, possesses or uses  
13 a cannabis product for a purpose other than resale;

14 T. "contaminant" means pesticides and other  
15 foreign material, such as hair, insects or other similar  
16 adulterants, in harvested cannabis;

17 U. "controlling person":

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

21 (2) does not include a bank or licensed  
22 lending institution;

23 V. "cultivation" means any activity involving the  
24 planting, growing, harvesting, drying, curing, grading or  
25 trimming of cannabis;

1           W. "department" means the regulation and licensing  
2 department;

3           X. "director" means the director of the division;

4           Y. "division" means the cannabis control division  
5 of the department;

6           Z. "dry weight basis", when used in the context of  
7 regulation of commercial cannabis activity, means a process  
8 by which delta-9-tetrahydrocannabinol concentration is  
9 measured relative to the aggregate weight of all parts of the  
10 plant genus Cannabis, whether growing or not, including the  
11 leaves of the plant, the flowers and buds of the plant, the  
12 seeds of the plant, the resin of the plant and the stalks of  
13 the plant at the point of harvest by a licensee and with no  
14 moisture added to the harvested plant;

15          AA. "facility" means a building, space or grounds  
16 licensed for the production, possession, testing,  
17 manufacturing or distribution of cannabis, cannabis extracts  
18 or cannabis products;

19          BB. "financial consideration" means value that is  
20 given or received, directly or indirectly, through sales,  
21 barter, trade, fees, charges, dues, contributions or  
22 donations;

23          CC. "homegrown" or "homemade" means grown or made  
24 for purposes that are not dependent or conditioned upon the  
25 provision or receipt of financial consideration;

1 DD. "household" means a housing unit and includes  
2 any place in or around the housing unit at which an occupant  
3 of the housing unit produces, manufactures, keeps or stores  
4 homegrown cannabis or homemade cannabis products;

5 EE. "immature cannabis plant" means a cannabis  
6 plant that has no observable flowers or buds;

7 FF. "industry standards" means the prevailing  
8 customary standards of business practice in the cannabis  
9 industry in jurisdictions within the United States;

10 GG. "integrated cannabis microbusiness" means a  
11 person that is authorized to conduct one or more of the  
12 following:

13 (1) production of cannabis at a single  
14 licensed premises; provided that the person shall not possess  
15 more than two hundred total mature cannabis plants at any one  
16 time;

17 (2) manufacture of cannabis products at a  
18 single licensed premises;

19 (3) sales and transportation of only  
20 cannabis products produced or manufactured by that person;

21 (4) operation of only one retail  
22 establishment; and

23 (5) couriering of cannabis products to  
24 qualified patients, primary caregivers or reciprocal  
25 participants or directly to consumers;

1 HH. "licensed premises" means a location that  
2 includes:

3 (1) all enclosed public and private areas at  
4 the location that are used in the business and includes  
5 offices, kitchens, restrooms and storerooms;

6 (2) all areas outside of a building that are  
7 specifically included in the license for the production,  
8 manufacturing, wholesale sale or retail sale of cannabis  
9 products; and

10 (3) with respect to a location that is  
11 specifically licensed for the production of cannabis outside  
12 of a building, the entire unit of land that is created by  
13 subsection or partition of land that the licensee owns,  
14 leases or has a right to occupy;

15 II. "local jurisdiction" means a municipality,  
16 home rule municipality or county;

17 JJ. "manufacture" means to compound, blend,  
18 extract, infuse, package or otherwise prepare a cannabis  
19 product;

20 KK. "medical cannabis" means cannabis products  
21 used by a qualified patient or reciprocal participant in  
22 accordance with the Lynn and Erin Compassionate Use Act;

23 LL. "medical cannabis program" means the program  
24 created pursuant to the Lynn and Erin Compassionate Use Act;

25 MM. "medical cannabis registry" means the system



1 by which the department of health approves or denies  
2 applications and issues and renews registry identification  
3 cards for qualified patients;

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

9 OO. "public place" means a place to which the  
10 general public has access and includes hallways, lobbies and  
11 other parts of apartment houses and hotels that do not  
12 constitute rooms or apartments designed for actual residence;  
13 highways; streets; schools; places of amusement; parks;  
14 playgrounds; and places used in connection with public  
15 passenger transportation;

16 PP. "qualified patient" means a resident of New  
17 Mexico who holds a registry identification card pursuant to  
18 the Lynn and Erin Compassionate Use Act;

19 QQ. "reciprocal participant" means a person who is  
20 not a resident of New Mexico and who holds proof of  
21 enrollment by a governmental regulatory authority to  
22 participate in the medical cannabis program of another state  
23 of the United States, the District of Columbia or a territory  
24 or commonwealth of the United States in which the person  
25 resides or a person who holds proof of enrollment by a

1 governmental regulatory authority of a New Mexico Indian  
2 nation, tribe or pueblo to participate in its medical  
3 cannabis program;

4 RR. "retail establishment" means a location at  
5 which cannabis products are sold to qualified patients,  
6 primary caregivers and reciprocal participants and directly  
7 to consumers;

8 SS. "superintendent" means the superintendent of  
9 regulation and licensing;

10 TT. "unprocessed" means unaltered from an  
11 original, raw or natural state; and

12 UU. "vertically integrated cannabis establishment"  
13 means a person that is authorized to act as any of the  
14 following:

- 15 (1) a cannabis courier;
- 16 (2) a cannabis manufacturer;
- 17 (3) a cannabis producer; and
- 18 (4) a cannabis retailer.

19 SECTION 3. DIVISION--POWERS AND DUTIES--RULEMAKING--  
20 ADVISORY COMMITTEE CREATED--MEMBERSHIP--DUTIES.--

21 A. The "cannabis control division" is created in  
22 the department to administer the Cannabis Regulation Act and  
23 the licensing provisions of the Lynn and Erin Compassionate  
24 Use Act and rules promulgated in accordance with those acts.  
25 Rules shall be adopted and promulgated as provided in the

1 State Rules Act.

2 B. No later than January 1, 2022, the division  
3 shall promulgate rules that are consistent with industry  
4 standards necessary for the division to carry out its duties  
5 pursuant to the Cannabis Regulation Act as follows:

6 (1) qualifications and procedures for  
7 licensure; provided that qualifications shall be directly and  
8 demonstrably related to the operation of the applicable  
9 cannabis establishment;

10 (2) security requirements for a cannabis  
11 establishment;

12 (3) requirements related to:

13 (a) inspection and monitoring of a  
14 cannabis establishment;

15 (b) a cannabis establishment's  
16 recordkeeping and tracking of cannabis from seed until sale;

17 (c) prevention of the sale or diversion  
18 of cannabis products in commercial cannabis activity to a  
19 person under the age of twenty-one;

20 (d) labeling of cannabis products  
21 packaged, sold or distributed by a cannabis establishment;  
22 and

23 (e) language for labels of cannabis  
24 products regarding potential adverse effects;

25 (4) rules providing that:

1 (a) a person who is twenty-one years  
2 old or older shall not purchase more than two ounces of  
3 cannabis, sixteen grams of cannabis extract and eight hundred  
4 milligrams of edible cannabis at one time; and

5 (b) as to commercial cannabis activity:

6 1) a consumer shall not possess more than two ounces of  
7 cannabis, sixteen grams of cannabis extract and eight hundred  
8 milligrams of edible cannabis outside the consumer's private  
9 residence; 2) any cannabis in excess of the amounts described  
10 in Item 1) of this subparagraph shall be stored in the  
11 person's residence and shall not be visible from a public  
12 place; and 3) the division shall not limit the amount of  
13 tetrahydrocannabinol concentration in a cannabis product;  
14 provided that the division may adopt requirements for  
15 apportionment and packaging of cannabis products;

16 (5) rules on advertising and marketing of  
17 cannabis products;

18 (6) rules on how a licensee may display  
19 cannabis products for sale;

20 (7) procedures that promote and encourage  
21 full participation in the cannabis industry governed by the  
22 Cannabis Regulation Act by representatives of communities  
23 that have been disproportionately harmed by rates of arrest  
24 through the enforcement of cannabis prohibitions in law and  
25 policy, rural communities likely to be impacted by cannabis

1 production and agricultural producers from economically  
2 disadvantaged communities;

3 (8) procedures that promote and encourage  
4 racial, ethnic, gender and geographic diversity and New  
5 Mexico residency among license applicants, licensees and  
6 cannabis industry employees;

7 (9) rules for a certification process to  
8 identify cannabis products for consumers from integrated  
9 cannabis microbusinesses or cannabis producer microbusinesses  
10 or owned by representatives of communities that have been  
11 disproportionately harmed by rates of arrest through the  
12 enforcement of cannabis prohibitions in law and policy and  
13 underserved communities that include tribal, acequia, land  
14 grant-merced and other rural historic communities;

15 (10) in consultation with the economic  
16 development department, development of a technical assistance  
17 resource guide for rural New Mexico residents who are seeking  
18 to establish vertically integrated cannabis establishments,  
19 cannabis producer microbusinesses or integrated cannabis  
20 microbusinesses;

21 (11) in consultation with the department of  
22 environment, rules to establish:

23 (a) health and safety standards  
24 applicable to the research, production and manufacture of  
25 cannabis products;

1 (b) standards for food and product  
2 safety applicable to cannabis products; and

3 (c) which additives are approved for  
4 and prohibited from inclusion in cannabis products; provided  
5 that nicotine shall be prohibited;

6 (12) in consultation with the New Mexico  
7 department of agriculture and the department of environment,  
8 rules to establish standards for quality control, inspection  
9 and testing of cannabis products for potency and  
10 contaminants, except for cannabis produced or harvested for  
11 research purposes and not for ingestion; provided that all  
12 such rules and standards shall be consistent with the rules  
13 and standards for testing of medical cannabis products; and

14 (13) in consultation with the state fire  
15 marshal's office of the homeland security and emergency  
16 management department, rules with regard to health and  
17 safety.

18 C. No later than January 1, 2022, the division  
19 shall promulgate rules that are consistent with industry  
20 standards relating to cannabis training and education  
21 programs, including:

22 (1) qualifications and procedures for  
23 licensure; and

24 (2) physical security, cybersecurity and, if  
25 applicable, security of information collected under the

1 federal Health Insurance Portability and Accountability Act  
2 of 1996 requirements.

3 D. No later than January 1, 2022, the division  
4 shall promulgate rules in consultation with the New Mexico  
5 department of agriculture, the department of environment and  
6 the office of the state engineer to establish:

7 (1) environmental protections; and

8 (2) protocols to ensure licensees'  
9 compliance with state and local laws and ordinances governing  
10 food and product safety, occupational health and safety,  
11 environmental impacts, natural resource protection, water use  
12 and quality, water supply, hazardous materials, pesticide use  
13 and wastewater discharge.

14 E. No later than January 1, 2022, the division  
15 shall adopt rules in consultation with the department of  
16 health to establish standards and determinations on  
17 requirements for reserving cannabis products for sale to  
18 qualified patients, primary caregivers and reciprocal  
19 participants.

20 F. The division shall collect and publish annually  
21 on the division's website, and present to the appropriate  
22 interim committee of the legislature, a report describing  
23 demographic data on license applicants, controlling persons  
24 and employees of cannabis establishments, including race,  
25 ethnicity, gender, age, residential status and whether the

1 applicants, persons, employees or the locations where the  
2 cannabis products are produced, manufactured, sold, tested or  
3 researched are located in an underserved rural community,  
4 including tribal, acequia, land grant-merced or other rural  
5 historic communities.

6 G. The "cannabis regulatory advisory committee"  
7 shall be created no later than September 1, 2021. The  
8 committee shall advise the division on the development of  
9 rules pursuant to the Cannabis Regulation Act, including best  
10 practices and the promotion of economic and cultural  
11 diversity in licensing and employment opportunities and  
12 protection of public health and safety while ensuring a  
13 regulated environment for commercial cannabis activity that  
14 does not impose unreasonable barriers that would perpetuate,  
15 rather than reduce and eliminate, the illicit market for  
16 cannabis. A person appointed to the cannabis regulatory  
17 advisory committee shall not hold any ownership interest or  
18 investment in a licensed person pursuant to the Cannabis  
19 Regulation Act; provided that the superintendent may appoint  
20 a person who holds an ownership interest in a licensed person  
21 as a nonvoting member. The committee shall consist of the  
22 following members:

23 (1) the chief public defender or the chief  
24 public defender's designee;

25 (2) a district attorney appointed by the New  
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1 Mexico district attorney association;

2 (3) a municipal police chief appointed by  
3 the New Mexico association of chiefs of police;

4 (4) a county sheriff appointed by the  
5 executive director of the New Mexico association of counties;  
6 and

7 (5) one member for each of the following  
8 groups or professional qualifications, appointed by the  
9 superintendent:

10 (a) a cannabis policy advocacy  
11 organization;

12 (b) a labor organization;

13 (c) a qualified patient;

14 (d) a state or local agency with  
15 relevant expertise as the director and the superintendent  
16 deem appropriate;

17 (e) an Indian nation, tribe or pueblo  
18 with relevant expertise as the director and the  
19 superintendent deem appropriate;

20 (f) expertise in public health;

21 (g) expertise in regulating commercial  
22 activity for adult-use intoxicating substances;

23 (h) expertise and experience in  
24 cannabis laboratory science;

25 (i) expertise in environmental science; HB 2/a  
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1 (j) expertise in small business  
2 development;  
3 (k) expertise in water resources;  
4 (l) expertise in other relevant areas  
5 as the director and the superintendent deem appropriate; and  
6 (m) previous experience as a cannabis  
7 retailer, cannabis producer or cannabis manufacturer and who  
8 is a nonvoting member.

9 H. The cannabis regulatory advisory committee  
10 shall elect from among its members a chair and such other  
11 officers as it deems necessary. The committee shall meet at  
12 the call of the chair, the director or the superintendent. A  
13 majority of members currently serving constitutes a quorum  
14 for the conduct of business. Members shall serve at the  
15 pleasure of the superintendent.

16 I. Public voting members of the cannabis  
17 regulatory advisory committee are entitled to receive per  
18 diem and mileage as provided for state employees pursuant to  
19 the Per Diem and Mileage Act and shall receive no other  
20 compensation, perquisite or allowance.

21 J. The division shall:

22 (1) monitor the supply and demand of  
23 cannabis products produced in New Mexico by licensees and  
24 present annually to the appropriate interim committee of the  
25 legislature the impacts of supply on illicit cannabis

1 products markets and adequate supply of cannabis products for  
2 qualified patients and reciprocal participants;

3 (2) request the department of public safety  
4 to enforce the provisions of the Cannabis Regulation Act as  
5 deemed necessary; and

6 (3) undertake studies and conduct courses of  
7 instruction for division employees that will improve the  
8 operations of the division and advance its purposes.

9 SECTION 4. DEPARTMENT OF HEALTH--DUTIES--PUBLIC HEALTH  
10 AND SAFETY ADVISORY COMMITTEE.--

11 A. The department of health shall monitor emerging  
12 scientific and medical information relevant to the health  
13 effects associated with the use of cannabis products and  
14 shall monitor changes in cannabis product use, opioid use and  
15 alcohol use patterns for children and adults within the  
16 state, broken down by county, race and ethnicity.

17 B. No later than September 1, 2021, the secretary  
18 of health shall appoint a "public health and safety advisory  
19 committee" composed of no more than fifteen professionals  
20 with expertise related to cannabis products through work,  
21 training or research in public health, epidemiology,  
22 medicine, medical toxicology, poison control, road safety,  
23 occupational safety, environmental safety and emergency  
24 medicine.

25 C. Beginning December 1, 2024, the public health

1 and safety advisory committee shall provide to the  
2 legislature, and the department of health shall publish on  
3 its website, an annual report on the health effects of  
4 legalizing cannabis products for adult use. The report shall  
5 include the following elements relating to cannabis product  
6 use and, as applicable, the demographics of persons who are  
7 the subject of an element:

- 8 (1) child access;
- 9 (2) road safety and driving while impaired;
- 10 (3) workplace safety;
- 11 (4) the percentage of emergency room visits  
12 and outcomes;
- 13 (5) educational needs for children and  
14 adults;
- 15 (6) consumer and product safety;
- 16 (7) the percentage of poison control center  
17 calls; and
- 18 (8) the impact of cannabis use on rates of  
19 alcohol, opioid and other substance abuse.

20 D. In consultation with qualified patients and  
21 primary caregivers, the department of health shall publish an  
22 annual assessment report that shall include at a minimum an  
23 evaluation of the affordability and accessibility of medical  
24 cannabis.

25 E. Public members of the public health and safety

1 advisory committee are entitled to per diem and mileage as  
2 provided for state employees pursuant to the Per Diem and  
3 Mileage Act and shall receive no other compensation,  
4 perquisite or allowance.

5 SECTION 5. DEPARTMENT OF HEALTH--DUTIES--TRANSFER OF  
6 LICENSING DUTIES.--Except for administration of the medical  
7 cannabis registry, the power, duty and authority of the  
8 department of health related to the medical cannabis program  
9 shall be transferred to the division on the effective date of  
10 the Cannabis Regulation Act.

11 SECTION 6. LICENSING CANNABIS ACTIVITIES--  
12 LIMITATIONS--MEDICAL CANNABIS LEGACY LICENSING--CANNABIS  
13 SHORTAGE FOR MEDICAL PROGRAM.--

14 A. The division shall regulate and administer and  
15 may collect fees in connection with the administration of:

16 (1) commercial cannabis activity and  
17 licensing related to commercial cannabis activity;

18 (2) the medical cannabis program, except for  
19 the medical cannabis registry; and

20 (3) all aspects of cannabis relating to  
21 cannabis training and education programs.

22 B. The division shall follow the provisions of the  
23 Uniform Licensing Act when licensing or permitting the  
24 following:

25 (1) cannabis consumption areas;

1 (2) cannabis couriers;  
2 (3) cannabis manufacturers;  
3 (4) cannabis producer microbusinesses;  
4 (5) cannabis producers;  
5 (6) cannabis research laboratories;  
6 (7) cannabis retailers;  
7 (8) cannabis servers;  
8 (9) cannabis testing laboratories;  
9 (10) cannabis training and education  
10 programs;  
11 (11) integrated cannabis microbusinesses;  
12 and  
13 (12) vertically integrated cannabis  
14 establishments.

15 C. The division shall include a clear designation  
16 on all licenses and permits that indicates whether the  
17 license or permit is for medical cannabis activity,  
18 commercial cannabis activity or both or for cannabis training  
19 and education programs.

20 D. The division shall issue a license to a  
21 cannabis retailer applicant at a discount if the applicant  
22 provides documentation of an agreement to accept cannabis  
23 products on consignment from a cannabis producer  
24 microbusiness or an integrated cannabis microbusiness  
25 licensed pursuant the Cannabis Regulation Act.

1           E. A license is valid for twelve months from the  
2 date the license is issued and may be renewed annually,  
3 except that a license issued for a cannabis training and  
4 education program is valid until terminated by the licensee  
5 or suspended or revoked by the division.

6           F. The director shall not renew a license issued  
7 pursuant to the provisions of the Cannabis Regulation Act  
8 until the director receives notification from the secretary  
9 of taxation and revenue or the secretary's designee that on a  
10 certain date:

11                   (1) the licensee is not a delinquent  
12 taxpayer; and

13                   (2) there are no unfiled tax returns due  
14 from engaging in business authorized by the license.

15           G. No license shall be transferable or assignable  
16 from a licensee to another person. The division shall not  
17 allow a person that is licensed as any type of cannabis  
18 establishment other than a cannabis research laboratory to  
19 hold, directly or indirectly, a cannabis testing laboratory  
20 license.

21           H. Except for verification of age, the division  
22 shall not require licensees to request information from  
23 consumers or impose any residency requirement upon consumers  
24 for the purchase of cannabis products pursuant to the  
25 commercial cannabis activity authorized by the Cannabis

1 Regulation Act. The division may require licensees to  
2 request information from consumers for the purchase of  
3 cannabis products pursuant to the medical cannabis program,  
4 which may include the presentation of legal identification  
5 issued by an authorized governmental entity or other  
6 documents as required by the medical cannabis program.

7 I. Except as otherwise provided in the Cannabis  
8 Regulation Act, the division shall not limit the number of  
9 licensed premises a licensee may occupy or operate under a  
10 license. Multiple licensees may occupy a single licensed  
11 premises, and the division shall not place any restriction or  
12 prohibition on the number of licensees occupying a single  
13 licensed premises or on the number of licensed premises of a  
14 cannabis establishment except as otherwise specifically  
15 provided for by the Cannabis Regulation Act. A licensee may  
16 conduct any lawful activity or any combination of lawful  
17 activities at a licensed premises; provided that the licensee  
18 is not a licensee pursuant to the Liquor Control Act.

19 Smoking in a cannabis consumption area on a licensed premises  
20 shall be allowed only if the cannabis consumption area is in  
21 a designated smoking area or in a standalone building from  
22 which smoke does not infiltrate other indoor workplaces or  
23 other indoor public places where smoking is otherwise  
24 prohibited pursuant to the Dee Johnson Clean Indoor Air Act.

25 J. Licensees are specifically allowed to conduct



1 other licensed activities, including activities pursuant to  
2 the Hemp Manufacturing Act, except for sales of alcoholic  
3 beverages.

4 K. A person properly licensed and in good standing  
5 pursuant to the Lynn and Erin Compassionate Use Act on the  
6 effective date of the Cannabis Regulation Act may continue to  
7 operate under that license for medical cannabis until  
8 comparable licenses for commercial cannabis activity are  
9 available. The division shall determine when retail sales of  
10 commercial cannabis products begin, but no later than April  
11 1, 2022. A facility of such a licensee, upon issuance of the  
12 applicable cannabis establishment license, shall constitute  
13 licensed premises of the licensee and the licensee shall be  
14 entitled to continued and uninterrupted operations of the  
15 licensed premises. As to activity under the medical cannabis  
16 program, the licensee shall continue to operate under rules  
17 promulgated for the medical cannabis program until the  
18 division promulgates rules for medical cannabis activity,  
19 except that a qualified patient, a primary caregiver and a  
20 reciprocal participant shall not be prohibited from  
21 purchasing and obtaining cannabis products pursuant to the  
22 medical cannabis program.

23 L. To address a shortage of cannabis supply in the  
24 medical cannabis program, the division may:

25 (1) require all cannabis establishment

1 licensees to ensure that at least ten percent of their  
2 cannabis in stock on a monthly basis is designated for sale  
3 to qualified patients, primary caregivers and reciprocal  
4 participants;

5 (2) initially take reasonable measures to  
6 expeditiously incentivize increased production of cannabis  
7 plants to remedy a shortage of cannabis supply in the medical  
8 cannabis program;

9 (3) after having first exhausted measures to  
10 increase production of cannabis plants to address the  
11 shortage of cannabis supply in the medical cannabis program,  
12 exclude commercial cannabis activity from the scope of new  
13 licenses issued to initial applicants for a vertically  
14 integrated cannabis establishment, cannabis producer,  
15 integrated cannabis microbusiness, cannabis producer  
16 microbusiness or cannabis manufacturer license, which  
17 limitation shall be in force for a period of at least six  
18 months; and

19 (4) require licensees who are licensed to  
20 produce cannabis to produce a specified quota of mature  
21 cannabis plants to be designated for use in the medical  
22 cannabis program; provided that:

23 (a) the division may require a licensee  
24 to devote no more than twenty-five percent of the licensee's  
25 cultivated cannabis plants on a monthly basis for use in the

1 medical cannabis program; and

2 (b) the division may require specific  
3 tracking of cannabis plants.

4 M. As used in this section, "shortage of cannabis  
5 supply in the medical cannabis program" means that the  
6 average number of cannabis plants in production in the  
7 medical cannabis program per qualified patient after the  
8 effective date of the Cannabis Regulation Act is  
9 substantially less than the average number of cannabis plants  
10 in production in the medical cannabis program per qualified  
11 patient as of the effective date of the Cannabis Regulation  
12 Act, where:

13 (1) the average number of cannabis plants in  
14 production after the effective date of the Cannabis  
15 Regulation Act is measured over a period of three consecutive  
16 months; and

17 (2) the average number of cannabis plants in  
18 production as of the effective date of the Cannabis  
19 Regulation Act is measured over a period of three consecutive  
20 months immediately preceding the effective date of the  
21 Cannabis Regulation Act.

22 N. A person who is a member of the New Mexico  
23 senate or the New Mexico house of representatives on the  
24 effective date of the Cannabis Regulation Act shall not apply  
25 for or be granted a license to engage in any commercial

1 cannabis activity prior to July 1, 2026.

2 SECTION 7. COMMERCIAL CANNABIS ACTIVITY

3 LICENSING--APPLICATION--ISSUANCE AND DENIAL OF A LICENSE.--

4 A. A license issued pursuant to the Cannabis  
5 Regulation Act shall not be subject to execution, attachment,  
6 a security transaction, liens or receivership.

7 B. In carrying out its commercial cannabis  
8 activity licensing duties, the division shall:

9 (1) no later than September 1, 2021, accept  
10 and begin processing license applications for cannabis  
11 producers, cannabis producer microbusinesses and any person  
12 properly licensed and in good standing as a licensed cannabis  
13 producer pursuant to the Lynn and Erin Compassionate Use Act;

14 (2) no later than January 1, 2022, accept  
15 and begin processing license applications for all license  
16 types;

17 (3) require as a condition of licensing  
18 pursuant to the Cannabis Regulation Act that the applicant  
19 demonstrate that the applicant has a legal right to a  
20 commercial water supply, water rights or another source of  
21 water sufficient to meet the water needs as determined by the  
22 division related to the license as evidenced by documentation  
23 from the office of the state engineer of a valid water right  
24 or from a water provider that the use of water for cannabis  
25 production is compliant with that water provider's rules;

1                   (4) if an applicant applies for a cannabis  
2 producer license or a cannabis manufacturer license, in  
3 addition to the requirements in Paragraph (3) of this  
4 subsection, require that the applicant submit a plan to use,  
5 or demonstrate to the division that the applicant cannot  
6 feasibly use, energy and water reduction opportunities,  
7 including:

8                               (a) for a cannabis producer, drip  
9 irrigation and water collection;

10                              (b) natural lighting and energy  
11 efficiency measures; and

12                              (c) renewable energy generation; and

13                   (5) allow commercial cannabis activity  
14 retail sales no later than April 1, 2022 and otherwise allow  
15 activities authorized by the Cannabis Regulation Act or the  
16 medical cannabis program as of the time of licensure of a  
17 licensee, so long as a minimum of twenty-five percent of  
18 monthly cannabis sales are to qualified patients, primary  
19 caregivers and reciprocal participants or sold wholesale to  
20 other licensees that meet or exceed the twenty-five percent  
21 sales to qualified patients, primary caregivers and  
22 reciprocal participants until December 31, 2022.

23                   C. Once the division deems an application  
24 complete, the division has ninety days to issue or deny a  
25 license application.

1           D. The division shall deny an application for an  
2 initial license or renewal if:

3                 (1) the application does not include  
4 information required by the division; or

5                 (2) the applicant or a controlling person of  
6 the applicant has been convicted of an offense that is  
7 substantially related to the qualifications, functions or  
8 duties of the applicant's business; provided that if the  
9 division determines that the applicant or controlling person  
10 is otherwise qualified for a license and that issuing a  
11 license to the applicant would not compromise public safety,  
12 the division shall conduct a thorough review of the  
13 conviction, including the nature of the offense, surrounding  
14 circumstances and any evidence of the applicant's or  
15 controlling person's rehabilitation following the conviction,  
16 and based on that review, determine whether the applicant  
17 should be issued a license.

18           E. For purposes of Subsection D of this section,  
19 the following are considered substantially related to the  
20 qualifications, functions or duties of a person seeking a  
21 license:

22                 (1) a felony conviction involving fraud,  
23 deceit or embezzlement;

24                 (2) a felony conviction for hiring,  
25 employing or otherwise using a person younger than eighteen

1 years of age to:

2 (a) prepare for sale, transport or  
3 carry a controlled substance; or

4 (b) sell, give away or offer to sell a  
5 controlled substance to any person; and

6 (3) any other offense as determined by the  
7 division.

8 F. A conviction for which the related sentence,  
9 including any term of probation or parole, is completed for  
10 the possession, use, manufacture, distribution or dispensing  
11 or the possession with the intent to manufacture, distribute  
12 or dispense cannabis is not considered substantially related  
13 to the qualifications, functions or duties of a person  
14 seeking a license and shall not be the sole ground on which  
15 an application is denied. The division shall comply with the  
16 provisions of the Criminal Offender Employment Act.

17 G. The division shall deny an application if an  
18 applicant, a controlling person or the premises for which a  
19 license is sought does not qualify for licensure pursuant to  
20 the Cannabis Regulation Act.

21 H. The division shall not license a person who has  
22 had a license that was issued pursuant to the Cannabis  
23 Regulation Act or the Lynn and Erin Compassionate Use Act  
24 revoked by the division or the department of health in the  
25 three years immediately preceding the date on which the

1 person filed a new application.

2 I. Unless otherwise provided in the Cannabis  
3 Regulation Act, a person whose license has been revoked may  
4 reapply for a license after a period of three years. The  
5 division may consider all of the circumstances resulting in  
6 the revocation in determining whether to issue a new license.

7 J. The division shall adopt rules providing for  
8 submission of an applicant's fingerprints to the federal  
9 bureau of investigation to conduct a national criminal  
10 history background check and to the department of public  
11 safety to conduct a state criminal history check for the  
12 following licensees:

- 13 (1) cannabis manufacturer;
- 14 (2) cannabis producer;
- 15 (3) cannabis producer microbusiness;
- 16 (4) cannabis research laboratory;
- 17 (5) cannabis retailer;
- 18 (6) cannabis testing laboratory;
- 19 (7) integrated cannabis microbusiness; and
- 20 (8) vertically integrated cannabis  
21 establishment.

22 K. The division shall conduct national criminal  
23 history background checks and state criminal history checks  
24 on the following:

- 25 (1) if an applicant is a limited



1 partnership, each partner of the limited partnership;

2 (2) if the applicant is a limited liability  
3 company, each member of the limited liability company;

4 (3) if the applicant is a corporation, each  
5 director and officer of the corporation; and

6 (4) any controlling person of the applicant.

7 L. Arrest record information received from the  
8 federal bureau of investigation and the department of public  
9 safety shall be confidential, shall not be considered a  
10 public record pursuant to the Public Records Act and shall  
11 not be disclosed to persons not directly involved in the  
12 decision affecting the applicant.

13 M. Electronic live fingerprint scans may be used  
14 when conducting criminal history background checks.

15 **SECTION 8. LICENSEES--DISCIPLINARY ACTIONS--SANCTIONS--**  
16 **CIVIL PENALTY.--**

17 A. A violation of the provisions of the Cannabis  
18 Regulation Act by a licensee is grounds for disciplinary  
19 action.

20 B. The division may:

21 (1) impose an intermediate sanction  
22 established by rule;

23 (2) impose a directed plan of correction;

24 (3) assess a civil monetary penalty  
25 established by rule; provided that a civil monetary penalty

1 shall not exceed ten thousand dollars (\$10,000) per  
2 violation; and provided further that penalties and interest  
3 recovered pursuant to the Cannabis Regulation Act on behalf  
4 of the state shall be remitted to the state treasurer for  
5 deposit in the current school fund; or

6 (4) suspend or revoke the license.

7 C. The division shall promulgate rules specifying  
8 the criteria for imposition of sanctions and civil monetary  
9 penalties.

10 D. The provisions of this section do not apply to  
11 occupational health and safety rules promulgated pursuant to  
12 Section 3 of the Cannabis Regulation Act.

13 E. A person aggrieved by an action taken by the  
14 division pursuant to this section may request and receive a  
15 hearing with the superintendent for the purpose of reviewing  
16 the action in accordance with the Uniform Licensing Act.

17 **SECTION 9. APPLICATION AND LICENSING FEES.--**

18 A. Every application for the issuance or renewal  
19 of the following licenses shall be accompanied by a license  
20 fee in the following specified amounts:

21 (1) a cannabis courier license, up to one  
22 thousand five hundred dollars (\$1,500) per year and an  
23 additional fee of up to one thousand dollars (\$1,000) per  
24 year for each additional licensed premises of the licensee;

25 (2) a cannabis testing laboratory license,

1 up to two thousand five hundred dollars (\$2,500) per year and  
2 an additional fee of up to one thousand dollars (\$1,000) per  
3 year for each additional licensed premises of the licensee;

4 (3) a cannabis manufacturer license, two  
5 thousand five hundred dollars (\$2,500) per year and an  
6 additional fee of one thousand dollars (\$1,000) per year for  
7 each additional licensed premises of the licensee;

8 (4) a cannabis producer license, two  
9 thousand five hundred dollars (\$2,500) per year and an  
10 additional fee of one thousand dollars (\$1,000) per year for  
11 each additional licensed premises of the licensee;

12 (5) a cannabis retailer license, two  
13 thousand five hundred dollars (\$2,500) per year and an  
14 additional fee of one thousand dollars (\$1,000) per year for  
15 each additional licensed premises of the licensee;

16 (6) a cannabis research laboratory license,  
17 two thousand five hundred dollars (\$2,500) per year and an  
18 additional fee of one thousand dollars (\$1,000) per year for  
19 each additional licensed premises of the licensee;

20 (7) a vertically integrated cannabis  
21 establishment license, seven thousand five hundred dollars  
22 (\$7,500) per year and an additional fee of one thousand  
23 dollars (\$1,000) per year for each licensed premises of the  
24 licensee;

25 (8) a cannabis producer microbusiness

1 license, up to one thousand dollars (\$1,000) per year;

2 (9) an integrated cannabis microbusiness  
3 license, up to two thousand five hundred dollars (\$2,500) per  
4 year and an additional fee of five hundred dollars (\$500) per  
5 year for each licensed premises of the licensee; and

6 (10) a cannabis consumption area, up to two  
7 thousand five hundred dollars (\$2,500) per year.

8 B. Except for cannabis producer microbusinesses  
9 and integrated cannabis microbusinesses, a licensee  
10 cultivating cannabis plants shall be assessed an additional  
11 annual fee no greater than fifty dollars (\$50.00) per mature  
12 cannabis plant at the time of licensing or renewal.

13 C. A licensee may increase the number of mature  
14 plants licensed at the time of renewal and one other time per  
15 year in increments of five hundred mature plants. Fees may  
16 be prorated for the remainder of the licensing year.

17 D. The initial application fee and the annual  
18 renewal fee for a vertically integrated cannabis  
19 establishment license shall not exceed one hundred twenty-  
20 five thousand dollars (\$125,000) for a license for both  
21 medical cannabis activity and commercial cannabis activity.  
22 The initial application fee and the annual renewal fee for a  
23 license or renewal of a license that authorizes only medical  
24 cannabis activity shall be one-half the fee applicable to a  
25 license authorizing both medical cannabis activity and

1 commercial cannabis activity.

2 E. If a cannabis producer microbusiness or an  
3 integrated cannabis microbusiness enters into a business  
4 arrangement with another licensee with the purpose or having  
5 the effect of evading the limitations of the licensee's  
6 license, such licensee shall not be eligible for the lower  
7 fee prescribed in Subsection A of this section and shall pay  
8 the per-plant fee prescribed in Subsection B of this section.

9 F. The division shall collect all renewal fees,  
10 including the renewal fees for all licensed premises, at the  
11 time of renewal of a license.

12 G. The fee for the issuance of a cannabis server  
13 permit shall not exceed thirty-five dollars (\$35.00).

14 H. The division shall deposit all fees collected  
15 pursuant to the Cannabis Regulation Act in the cannabis  
16 regulation fund.

17 **SECTION 10. CANNABIS TRAINING AND EDUCATION PROGRAM**  
18 **LICENSING--SANCTIONS.--**

19 A. The division shall begin licensing cannabis  
20 training and education programs no later than January 1,  
21 2022.

22 B. The division may suspend a license for repeated  
23 violations of the same serious and substantial rule  
24 promulgated pursuant to the Cannabis Regulation Act  
25 pertaining to public health and safety.

1           SECTION 11. CANNABIS SERVER PERMITS--CANNABIS  
2 SERVERS--PERMIT REQUIRED--APPLICATIONS--EDUCATION PROGRAM  
3 APPROVAL REQUIRED--ISSUANCE OR DENIAL OF A PERMIT OR  
4 APPROVAL--PENALTIES.--

5           A. The division shall promulgate rules consistent  
6 with this section and industry standards for issuance of a  
7 cannabis server permit and licenses for a cannabis  
8 consumption area. A cannabis research laboratory or an  
9 employee of the laboratory is not required to obtain or  
10 possess a cannabis server permit while performing activities  
11 authorized pursuant to a cannabis research laboratory.

12           B. The division shall issue cannabis server  
13 permits to persons twenty-one years of age or older who  
14 satisfy the requirements of this section and rules  
15 promulgated by the division. An applicant shall provide  
16 proof of satisfactory completion of a program provided by a  
17 cannabis server permit education provider approved by the  
18 division. A person shall not be employed as a cannabis  
19 server on a licensed premises unless that person obtains a  
20 cannabis server permit within thirty days of employment.

21           C. The cannabis server education program  
22 curriculum shall include the following subjects:

23                   (1) the effect cannabis products have on the  
24 body and behavior, including the effect on a person's ability  
25 to operate a motor vehicle when under the influence of

1 cannabis products;

2 (2) the effect cannabis products have on a  
3 person when used in combination with alcohol or legal or  
4 illegal drugs;

5 (3) state laws concerning cannabis  
6 licensure, cannabis liability issues and driving under the  
7 influence of cannabis;

8 (4) methods of recognizing problem cannabis  
9 product users and techniques for intervening with problem  
10 cannabis product users;

11 (5) methods of identifying false driver's  
12 licenses and other documents used as evidence of age and  
13 identity to prevent the sale of cannabis products to a person  
14 under twenty-one years of age pursuant to the Cannabis  
15 Regulation Act; and

16 (6) harm reduction practices related to  
17 cannabis use.

18 D. A cannabis server permit is the property of the  
19 state and shall be immediately returned to the division upon  
20 suspension or revocation or denial of renewal of a permit.

21 E. Cannabis server permits shall be valid for a  
22 period of three years from the date the permit is issued and  
23 may be renewed upon providing proof that the permit holder  
24 has successfully completed up to four and one-half hours of  
25 continuing education and an examination as determined by the

1 division.

2 F. In addition to any other penalties provided by  
3 law, the following penalties may be imposed for sales,  
4 service or dispensing a cannabis product to a person under  
5 twenty-one years of age in violation of the provisions of the  
6 Cannabis Regulation Act or rules of the division:

7 (1) the division may suspend a cannabis  
8 server permit for a period of thirty days if the director  
9 finds that the cannabis server is guilty of a first offense  
10 of selling, serving or dispensing a cannabis product to a  
11 person under twenty-one years of age;

12 (2) the division shall suspend a cannabis  
13 server permit for a period of one year when the division  
14 finds that the cannabis server is guilty of a second offense  
15 of selling, serving or dispensing a cannabis product to a  
16 person under twenty-one years of age in violation of the  
17 Cannabis Regulation Act arising separately from the incident  
18 giving rise to the cannabis server's first offense;

19 (3) the division shall permanently revoke a  
20 cannabis server permit when it finds that the cannabis server  
21 is guilty of a third offense of selling, serving or  
22 dispensing a cannabis product to a person under twenty-one  
23 years of age in violation of the Cannabis Regulation Act  
24 arising separately from the incidents giving rise to the  
25 cannabis server's first and second offenses; and



1                   (4) no person whose cannabis server permit  
2 is suspended pursuant to the provisions of this section shall  
3 offer, sell, serve or dispense a cannabis product as part of  
4 commercial cannabis activity in a cannabis consumption area  
5 during the period of suspension.

6           **SECTION 12. LOCAL CONTROL.--**

7                   A. A local jurisdiction may:

8                   (1) adopt time, place and manner rules that  
9 do not conflict with the Cannabis Regulation Act or the Dee  
10 Johnson Clean Indoor Air Act, including rules that reasonably  
11 limit density of licenses and operating times consistent with  
12 neighborhood uses; and

13                  (2) allow for the smoking, vaporizing and  
14 ingesting of cannabis products within an indoor or outdoor  
15 cannabis consumption area if:

16                   (a) unless licensed pursuant to the  
17 Lynn and Erin Compassionate Use Act, access to the cannabis  
18 consumption area is restricted to persons twenty-one years of  
19 age and older; and

20                   (b) the cannabis establishment or  
21 integrated cannabis microbusiness is located at a minimum  
22 distance from a school or daycare center as determined by the  
23 local jurisdiction, but which minimum distance shall not be  
24 set at any more than three hundred feet from a school or  
25 daycare center that was in existence at the time the

1 establishment or microbusiness was licensed.

2 B. A local jurisdiction shall not:

3 (1) prevent transportation of cannabis  
4 products on public roads by a licensee that transports  
5 cannabis products in compliance with the Cannabis Regulation  
6 Act;

7 (2) completely prohibit the operation of a  
8 licensee;

9 (3) prohibit or limit signage attached to or  
10 located on licensed premises that identifies the premises as  
11 a cannabis establishment;

12 (4) require a licensed premises or a  
13 cannabis consumption area to be any more than three hundred  
14 feet from a school or daycare center that was in existence at  
15 the time the cannabis establishment or integrated cannabis  
16 microbusiness was licensed;

17 (5) require an existing licensee at a  
18 licensed premises to relocate; or

19 (6) prohibit a person from producing  
20 homegrown cannabis as provided for in the Cannabis Regulation  
21 Act.

22 SECTION 13. LICENSEE PROTECTIONS.--

23 A. Conduct by a licensee or a licensee  
24 representative that is allowed pursuant to a license and  
25 conduct by a person that allows property to be used by a

1 licensee or a licensee representative for conduct allowed  
2 pursuant to a license is lawful, not a violation of state or  
3 local law and is not a basis for seizure or forfeiture of any  
4 property or assets under state or local law.

5 B. The state or a local jurisdiction shall not  
6 impose a criminal, civil or administrative penalty on a  
7 licensee, a licensee representative or a person that allows  
8 property to be used by a licensee or a licensee  
9 representative pursuant to a license, solely for conduct  
10 allowed pursuant to a license.

11 SECTION 14. PROTECTION OF UNDERAGE PERSONS--PROVIDING  
12 CANNABIS PRODUCTS TO MINORS--PENALTIES.--

13 A. Except as allowed pursuant to the Cannabis  
14 Regulation Act, it is a violation of that act for a person,  
15 including a person licensed pursuant to the provisions of  
16 that act, or an employee, agent or lessee of that person, if  
17 the person knows or has reason to know that the person is  
18 violating the provisions of this section, to knowingly and  
19 intentionally:

20 (1) sell, serve or give cannabis products to  
21 a person under twenty-one years of age or allow a person  
22 under twenty-one years of age to consume cannabis products on  
23 the licensed premises;

24 (2) buy cannabis products for or procure the  
25 sale or service of cannabis products to a person under

1 twenty-one years of age;

2 (3) deliver cannabis products to a person  
3 under twenty-one years of age; or

4 (4) aid or assist a person under twenty-one  
5 years of age to buy, otherwise procure or be served cannabis  
6 products.

7 B. A licensee shall not employ a person younger  
8 than twenty-one years of age to engage in a commercial  
9 cannabis activity.

10 C. The division shall suspend or revoke the  
11 license and may fine the licensee in an amount not to exceed  
12 ten thousand dollars (\$10,000), or both, when the division  
13 finds that a licensee or the licensee's employee or agent  
14 knowingly has sold, served or given any cannabis product to a  
15 person under twenty-one years of age.

16 D. The establishment of all of the following facts  
17 by a licensee prosecuted for a violation of Subsection D of  
18 this section and a cannabis server for a violation of  
19 Subsection F of Section 11 of the Cannabis Regulation Act  
20 shall constitute a defense:

21 (1) that the purchaser falsely represented  
22 in writing; by producing a driver's license bearing the  
23 purchaser's photograph; by producing a photographic  
24 identification card issued by the motor vehicle division of  
25 the taxation and revenue department; or by producing a

1 similar identification card issued pursuant to the laws of  
2 this state, another state, the federal government or the  
3 government of an Indian nation, tribe or pueblo that the  
4 person was twenty-one years of age or older;

5 (2) that the purchaser's appearance was such  
6 that an ordinary, prudent person would believe that the  
7 purchaser was twenty-one years of age or older; and

8 (3) that the sale was made in good faith,  
9 relying upon the purchaser's false written representation,  
10 driver's license or identification card produced as provided  
11 in Paragraph (1) of this subsection, and with the reasonable  
12 belief that the purchaser was actually twenty-one years of  
13 age or older.

14 E. Nothing in this section shall be construed or  
15 interpreted to prevent:

16 (1) the division from enforcing its rules  
17 against a licensee;

18 (2) a state agency from enforcing a law or  
19 rule that does not conflict with the Cannabis Regulation Act  
20 or rules promulgated pursuant to that act; or

21 (3) a local jurisdiction from enforcing a  
22 local ordinance that does not conflict with the Cannabis  
23 Regulation Act or rules promulgated pursuant to that act.

24 **SECTION 15. TRANSPORT VIA COURIER.--**

25 A. A vertically integrated cannabis establishment, HB 2/a  
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1 cannabis retailer or integrated cannabis microbusiness may  
2 courier cannabis products.

3 B. A courier may accept payment for services using  
4 any legal method of payment or payment on delivery.

5 SECTION 16. PACKAGING AND LABELING.--Before sale or  
6 transport via cannabis courier of a cannabis product, the  
7 cannabis product shall be labeled and packaged as provided in  
8 Section 17 of the Cannabis Regulation Act.

9 SECTION 17. CANNABIS PRODUCTS--PACKAGING AND LABELING--  
10 DIVISION RULEMAKING.--

11 A. Cannabis or cannabis extract included in a  
12 cannabis product that is manufactured in compliance with  
13 applicable law is not considered to be an adulterant under  
14 state law.

15 B. The division shall promulgate rules consistent  
16 with industry standards for cannabis products that establish  
17 labeling and packaging requirements, including that:

18 (1) packages shall be resealable,  
19 child-resistant, compostable and recyclable or made from  
20 recycled materials;

21 (2) packages and labels shall not be  
22 designed to be appealing to a child; and

23 (3) labels shall include:

24 (a) for a package containing only  
25 cannabis leaf or flower, the net weight of cannabis in the

1 package;

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

7 (c) potency and pesticide use;

8 (d) a list of pharmacologically active  
9 ingredients;

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

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

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

22 (h) a warning of possible adverse  
23 effects of consumption and the New Mexico poison and drug  
24 information center phone number;

25 (i) an expiration date; and

1 (j) other information as required by  
2 rules promulgated pursuant to the Cannabis Regulation Act.

3 SECTION 18. TESTING CANNABIS PRODUCTS--HEALTH AND  
4 SAFETY OF EMPLOYEES.--

5 A. A cannabis testing laboratory's testing of  
6 cannabis products shall comply with the requirements set  
7 forth in applicable law and rules.

8 B. In consultation with the department of  
9 environment and consistent with industry standards, the  
10 division shall promulgate rules to:

11 (1) ensure that testing of cannabis products  
12 occurs prior to distribution to cannabis retailers or sales  
13 by integrated cannabis microbusinesses;

14 (2) specify how often licensees shall test  
15 cannabis products;

16 (3) specify which persons bear the cost of  
17 testing cannabis products and medical cannabis;

18 (4) provide for recordkeeping;

19 (5) establish chain of custody protocols for  
20 testing sample transportation;

21 (6) ensure that testing samples are  
22 transported and stored in a manner that prevents degradation,  
23 contamination, tampering or diversion;

24 (7) specify protocols for testing sample  
25 collection that ensure accurate test results, including



1 requiring that testing samples be collected by laboratory  
2 staff trained in testing sample collection; and

3 (8) require destruction of a tested batch of  
4 cannabis products if the testing samples from the tested  
5 batch indicate noncompliance with applicable health and  
6 safety standards promulgated by the division, unless remedial  
7 measures can bring the cannabis products into compliance with  
8 the standards or the cannabis products can be used for  
9 research purposes.

10 C. Beginning no later than April 1, 2022, the  
11 division shall identify, in consultation with the department  
12 of environment, a set of updated certified reference  
13 materials for laboratory testing to be measured against.

14 D. The division shall work cooperatively with the  
15 department of environment to implement inspection of cannabis  
16 establishments to ensure the health and safety of employees  
17 in accordance with the Occupational Health and Safety Act and  
18 to determine compliance with rules promulgated by the  
19 environmental improvement board.

20 **SECTION 19. RESEARCHING CANNABIS--RECORDKEEPING.--**

21 A. A cannabis research laboratory's research of  
22 cannabis shall comply with the requirements set forth in  
23 applicable law and rules.

24 B. The division shall develop rules and procedures  
25 consistent with industry standards to provide for

1 recordkeeping to ensure that cannabis products are not  
2 removed from the cannabis research laboratory premises.

3 SECTION 20. ADVERTISING AND MARKETING RESTRICTIONS.--

4 The division shall promulgate rules consistent with industry  
5 standards that:

6 A. prohibit the advertisement and marketing of  
7 cannabis products:

8 (1) on radio, television or other broadcast  
9 media, internet pop-ups and mass transit vehicles; provided  
10 that the division shall not prohibit advertising and  
11 marketing to:

12 (a) subscribers of subscription-based  
13 radio, television or other broadcast media who are twenty-one  
14 years of age or older; or

15 (b) persons twenty-one years of age or  
16 older who have solicited the advertising or marketing;

17 (2) that are false, deceptive or misleading,  
18 including making unproven health benefit claims;

19 (3) that are on billboards, posters,  
20 handbills or other visual media that are located or can be  
21 viewed within three hundred feet of a school, daycare center  
22 or church;

23 (4) that depict consumption by children or  
24 other persons who appear to be younger than twenty-one years  
25 of age;

1 (5) that use predatory marketing and  
2 advertising practices targeting minors; or

3 (6) that are designed using cartoon  
4 characters or to mimic any other product brand; and

5 B. require:

6 (1) all advertisements and marketing to  
7 accurately and legibly identify all persons responsible for  
8 its content; and

9 (2) advertisements in print and digital  
10 communications to be placed only where the audience is  
11 reasonably expected to be twenty-one years of age or older as  
12 determined by reliable, current audience composition data.

13 SECTION 21. CONTRACTS.--A contract related to the  
14 operation of a license is enforceable, and a contract entered  
15 into by a licensee or a licensee representative for conduct  
16 allowed pursuant to a cannabis establishment license or  
17 entered into by a person who allows property to be used by a  
18 licensee or a licensee representative for conduct allowed  
19 pursuant to a license shall not be deemed unenforceable on  
20 the basis that the conduct allowed pursuant to the license is  
21 prohibited by federal law.

22 SECTION 22. PROVISION OF PROFESSIONAL SERVICES.--An  
23 attorney, accountant, insurance agent, real estate agent,  
24 security guard or other person engaged in a profession  
25 subject to state licensure shall not be subject to

1 disciplinary action by a professional association, a state  
2 professional board or a state licensing entity because the  
3 professional provides professional services or assistance to  
4 prospective or licensed cannabis establishments or another  
5 person in connection with activity that the professional  
6 reasonably believes complies with the Cannabis Regulation Act  
7 and rules promulgated pursuant to that act.

8 SECTION 23. MEDICAL CANNABIS PROVISIONS UNAFFECTED.--

9 Nothing in the Cannabis Regulation Act shall be construed to  
10 limit a privilege or right of a qualified patient, a primary  
11 caregiver or a reciprocal participant participating in the  
12 medical cannabis program or the use, dispensing, possession,  
13 prescribing, storage or transport of a prescription drug  
14 containing cannabis that is approved pursuant to the Federal  
15 Food, Drug, and Cosmetic Act.

16 SECTION 24. PROTECTIONS FOR THE USE OF CANNABIS.--

17 A. Conduct allowed pursuant to the Cannabis  
18 Regulation Act shall not in itself constitute grounds for a  
19 holder of a professional or occupational license to be  
20 subject to professional discipline for providing advice or  
21 services related to cannabis establishments or applications  
22 to operate cannabis establishments on the basis that cannabis  
23 is illegal under federal law.

24 B. An applicant for a professional or occupational  
25 license shall not be denied a license based solely on

1 previous employment related to cannabis establishments.

2 C. A person shall not be denied parental rights or  
3 custody of or visitation with a minor child by the state or  
4 local government based solely on conduct that is lawful  
5 pursuant to the Cannabis Regulation Act. Nothing in this  
6 subsection prevents law enforcement, the children, youth and  
7 families department or the courts from acting in the best  
8 interests of the minor child.

9 D. A person currently under parole, probation or  
10 other state supervision or released awaiting trial or other  
11 hearing shall not be punished or otherwise penalized based  
12 solely on conduct that is lawful pursuant to the Cannabis  
13 Regulation Act unless prohibition on the use or possession of  
14 cannabis has been a specific condition of parole, probation  
15 or other state supervision or release awaiting trial or other  
16 hearing.

17 E. A person shall not be denied eligibility in  
18 public assistance programs or denied health care based solely  
19 on conduct that is lawful pursuant to the Cannabis Regulation  
20 Act unless required by federal law.

21 **SECTION 25. PERSONAL USE OF CANNABIS.--**

22 A. The following conduct is lawful for a person  
23 who is twenty-one years of age or older and shall not  
24 constitute grounds for detention, search or arrest of a  
25 person or search of property, and cannabis products that

1 relate to the conduct are not contraband or subject to  
2 seizure or forfeiture pursuant to the Controlled Substances  
3 Act or the Forfeiture Act:

4 (1) possessing, using, being under the  
5 influence of, displaying, purchasing, obtaining or  
6 transporting not more cannabis than authorized by the  
7 Cannabis Regulation Act or the medical cannabis program;

8 (2) possessing in excess of two ounces of  
9 cannabis, sixteen grams of cannabis extract and eight hundred  
10 milligrams of edible cannabis if the excess is stored in the  
11 person's private residence and not visible from a public  
12 place;

13 (3) transferring, without financial  
14 consideration, to a person who is twenty-one years of age or  
15 older not more than the amount of cannabis lawfully purchased  
16 and obtained pursuant to the Cannabis Regulation Act or the  
17 medical cannabis program;

18 (4) ingesting or otherwise consuming  
19 cannabis or cannabis products purchased and obtained pursuant  
20 to the Cannabis Regulation Act or the medical cannabis  
21 program;

22 (5) possessing, using, displaying,  
23 purchasing, obtaining or manufacturing cannabis extract using  
24 nonvolatile solvents, alcohol or carbon dioxide or no  
25 solvents;

1                   (6) manufacturing, transporting or giving  
2 away to a person twenty-one years of age or older cannabis  
3 paraphernalia;

4                   (7) assisting another person who is twenty-  
5 one years of age or older in, or allowing property to be used  
6 in, any of the acts described in Paragraphs (1) through (6)  
7 of this subsection;

8                   (8) smoking cannabis or cannabis products in  
9 an area authorized pursuant to the Cannabis Regulation Act or  
10 a local jurisdiction;

11                   (9) possessing, planting, cultivating,  
12 harvesting, drying, manufacturing cannabis products using  
13 nonvolatile solvents, alcohol or carbon dioxide or no  
14 solvents or transporting not more than six mature cannabis  
15 plants and six immature cannabis plants per person; provided  
16 that despite a household having multiple residents, no more  
17 than twelve mature cannabis plants may be present in one  
18 household; and provided further that if the person does not  
19 exceed the maximum number of cannabis plants, the person may  
20 possess the cannabis produced by the cannabis plants  
21 notwithstanding any weight limits; and

22                   (10) transporting homegrown cannabis or  
23 mature or immature cannabis plants when the person is moving  
24 the person's residence to another location or for purposes of  
25 testing or manufacturing.

1           B. Paragraph (6) of Subsection A of this section  
2 is intended to meet the requirements of 21 U.S.C. Section  
3 863(f) by authorizing under state law any person in  
4 compliance with this section to manufacture, possess or  
5 distribute cannabis paraphernalia.

6           C. None of the following shall, individually or in  
7 combination with each other, constitute reasonable  
8 articulable suspicion of a crime and is not a basis to stop,  
9 detain or search a person:

10                 (1) the odor of cannabis or cannabis extract  
11 or of burnt cannabis or cannabis extract;

12                 (2) the possession of or the suspicion of  
13 possession of cannabis without evidence of quantity in excess  
14 of two ounces of cannabis, sixteen grams of cannabis extract  
15 or eight hundred milligrams of edible cannabis; or

16                 (3) the possession of multiple containers of  
17 cannabis without evidence of quantity in excess of two ounces  
18 of cannabis, sixteen grams of cannabis extract or eight  
19 hundred milligrams of edible cannabis.

20           D. Paragraph (1) of Subsection A and Subsection C  
21 of this section shall not apply when a law enforcement  
22 officer is investigating whether a person is operating a  
23 vehicle or watercraft while intoxicated or under the  
24 influence of or impaired by alcohol or a drug or any  
25 combination thereof in violation of Section 66-8-102 or



1 66-13-3 NMSA 1978.

2 SECTION 26. LIMITS ON PERSONAL USE--PENALTIES.--

3 A. Nothing in Section 25 of the Cannabis  
4 Regulation Act shall be construed to:

5 (1) allow a person to smoke cannabis  
6 products in a public place, except in a cannabis consumption  
7 area; or

8 (2) restrict the ability of a person to  
9 prohibit conduct otherwise allowed in the Cannabis Regulation  
10 Act on the person's privately owned property.

11 B. A person who violates Paragraph (1) of  
12 Subsection A of this section shall be subject to a civil  
13 penalty of fifty dollars (\$50.00).

14 C. As used in this section, "smoke" means to  
15 inhale, exhale, burn or carry any lighted or heated device or  
16 pipe or any other lighted or heated cannabis products  
17 intended for inhalation, whether natural or synthetic, in any  
18 manner or in any form.

19 D. A person less than eighteen years of age, the  
20 family of a person less than eighteen years of age or a  
21 person legally obligated to care for and support a person  
22 less than eighteen years of age who is subject to the fines  
23 pursuant to Subsection B of this section shall not be  
24 required to pay any fees or fines pursuant to the Cannabis  
25 Regulation Act.

1           SECTION 27. PERSONAL PRODUCTION OF CANNABIS--  
2 PENALTIES.--

3           A. Unless otherwise provided in the Cannabis  
4 Regulation Act, it is unlawful for a person without a license  
5 to intentionally produce cannabis products except as provided  
6 in this section.

7           B. A person twenty-one years of age or older who  
8 intentionally produces:

9                   (1) more than six and up to twelve mature or  
10 immature cannabis plants shall be issued a penalty assessment  
11 pursuant to Section 31-19A-1 NMSA 1978 and is subject to a  
12 fine of fifty dollars (\$50.00); and

13                   (2) more than twelve mature or immature  
14 cannabis plants is guilty of a fourth degree felony and may  
15 be sentenced as provided in Section 31-18-15 NMSA 1978.

16           C. A person who is eighteen years of age or older  
17 but less than twenty-one years of age who intentionally  
18 produces:

19                   (1) up to six mature or immature cannabis  
20 plants shall be issued a penalty assessment pursuant to  
21 Section 31-19A-1 NMSA 1978 and is subject to a fine of fifty  
22 dollars (\$50.00);

23                   (2) more than six mature or immature  
24 cannabis plants and up to twelve mature or immature cannabis  
25 plants is guilty of a misdemeanor and shall be sentenced

1 pursuant to the provisions of Section 31-19-1 NMSA 1978; and

2 (3) more than twelve mature or immature  
3 cannabis plants is guilty of a fourth degree felony and shall  
4 be sentenced pursuant to the provisions of Section 31-18-15  
5 NMSA 1978.

6 D. A person who is less than eighteen years of age  
7 who intentionally produces cannabis products is guilty of a  
8 civil violation and shall be subject to:

9 (1) attendance at a four-hour evidence-based  
10 drug education and legal rights program at no cost to the  
11 minor; or

12 (2) four hours of community service.

13 **SECTION 28. UNLICENSED SALES OF CANNABIS--PENALTIES.--**

14 A. As used in this section, "traffic" means the:

15 (1) distribution, sale, barter or giving  
16 away of cannabis products; or

17 (2) possession with intent to distribute,  
18 sell, barter or give away cannabis products.

19 B. Unless otherwise provided in the Cannabis  
20 Regulation Act or the Lynn and Erin Compassionate Use Act, it  
21 is unlawful for a person without a license to intentionally  
22 traffic cannabis products.

23 C. A person under eighteen years of age who  
24 violates Subsection B of this section shall be subject to:

25 (1) attendance at a four-hour evidence-based

1 drug education and legal rights program at no cost to the  
2 person; or

3 (2) four hours of community service.

4 D. Except as otherwise provided in Section 14 of  
5 the Cannabis Regulation Act, a person eighteen years of age  
6 or older who violates Subsection B of this section is guilty  
7 of a misdemeanor and shall be sentenced pursuant to the  
8 provisions of Section 31-19-1 NMSA 1978.

9 E. A person eighteen years of age or older who  
10 violates Subsection B of this section and who conducts  
11 unlicensed cannabis product sales from a building, room or  
12 other area open to the public in a manner that would lead a  
13 reasonable person to believe that the area is a cannabis  
14 establishment licensed pursuant to the Cannabis Regulation  
15 Act is guilty of a fourth degree felony and shall be  
16 sentenced pursuant to the provisions of Section 31-18-15 NMSA  
17 1978.

18 **SECTION 29. CANNABIS WITHIN RESTRICTED AREA--PENALTY.--**

19 Unless otherwise allowed in the Cannabis Regulation Act or  
20 the Lynn and Erin Compassionate Use Act, a person shall not  
21 possess or intentionally distribute any amount of a cannabis  
22 product on the premises of a school or daycare center unless  
23 the person is a qualified patient, a primary caregiver or a  
24 reciprocal participant; provided that this section shall not  
25 apply to a person who possesses a cannabis product for

1 authorized purposes on the premises of a licensed cannabis  
2 training and education program. A person who violates this  
3 section is guilty of a misdemeanor and shall be sentenced  
4 pursuant to the provisions of Section 31-19-1 NMSA 1978.

5 SECTION 30. UNLAWFUL POSSESSION OF CANNABIS--  
6 PENALTIES.--Except as allowed in the Cannabis Regulation Act  
7 and the Lynn and Erin Compassionate Use Act:

8 A. a person under twenty-one years of age shall  
9 not possess cannabis products. A person who violates this  
10 subsection is guilty of a civil violation and shall be  
11 subject to:

12 (1) attendance at a four-hour evidence-based  
13 drug education and legal rights program at no cost to the  
14 person; or

15 (2) four hours of community service; and

16 B. a person twenty-one years of age or older shall  
17 not possess more than two ounces of cannabis, sixteen grams  
18 of cannabis extract and eight hundred milligrams of edible  
19 cannabis in public. A person who violates this subsection  
20 with respect to:

21 (1) more than two but not more than eight  
22 ounces of cannabis, more than sixteen grams of cannabis  
23 extract and more than eight hundred milligrams of edible  
24 cannabis is guilty of a misdemeanor and shall be sentenced  
25 pursuant to the provisions of Section 31-19-1 NMSA 1978; or

1 (2) more than eight ounces of cannabis,  
2 sixty-four grams of cannabis extract or three thousand two  
3 hundred milligrams of edible cannabis is guilty of a fourth  
4 degree felony and shall be sentenced pursuant to the  
5 provisions of Section 31-18-15 NMSA 1978.

6 SECTION 31. UNLICENSED MANUFACTURING OF CANNABIS  
7 EXTRACT--PENALTY.--It is unlawful for a person to manufacture  
8 cannabis extract without a license issued pursuant to the  
9 Cannabis Regulation Act unless the person produces and  
10 manufactures cannabis extract from homegrown cannabis using  
11 nonvolatile solvents, alcohol or carbon dioxide or no  
12 solvents. The use of any other solvent or process is  
13 expressly prohibited unless it is approved by the division.  
14 A person who violates this section is guilty of a fourth  
15 degree felony and shall be sentenced pursuant to the  
16 provisions of Section 31-18-15 NMSA 1978.

17 SECTION 32. EXEMPTION FROM CRIMINAL AND CIVIL  
18 PENALTIES--RESEARCHERS.--A person shall not be subject to  
19 arrest or prosecution, penalized in any manner or denied any  
20 right or privilege solely because the person produced,  
21 possessed, distributed, dispensed or purchased cannabis  
22 products if the person produced, possessed, distributed,  
23 dispensed or purchased the cannabis products solely for the  
24 purpose of research conducted pursuant to the Lynn and Erin  
25 Compassionate Use Act or the Cannabis Regulation Act.

1           **SECTION 33. REPORTING REQUIREMENTS FOR CANNABIS-RELATED**  
2 **VIOLATIONS.--**

3           A. Within sixty days following the end of each  
4 fiscal year, every police and sheriff's department shall  
5 report on a form approved by the department of public safety  
6 the total number of arrests, citations and penalty  
7 assessments for cannabis-related violations broken down by:

- 8                   (1) category and penalty level; and  
9                   (2) race, ethnicity, age and gender.

10          B. Each law enforcement agency shall submit its  
11 annual report to the department of public safety.

12          C. The department of public safety shall compile  
13 the reports submitted and shall issue by November 1 of each  
14 year an annual report of all cannabis-related violations in  
15 the state. The report shall aggregate the data for the state  
16 and shall disaggregate the data by agency, race, ethnicity,  
17 age and gender. The department of public safety shall make  
18 all annual reports submitted for previous fiscal years  
19 available on the department of public safety's website.

20          D. For purposes of this section, "cannabis-related  
21 violation" means a violation of any of Sections 27 through 31  
22 of the Cannabis Regulation Act or a violation of Section  
23 66-8-102 or 66-13-3 NMSA 1978 if the basis for the arrest or  
24 citation is impairment due to the use of cannabis products.

25           **SECTION 34. EMPLOYER PROTECTIONS--EXEMPTIONS.--**

1           A. Unless there is an agreement between the  
2 employer and employee, nothing in the Cannabis Regulation Act  
3 shall:

4                   (1) restrict an employer's ability to  
5 prohibit or take an adverse employment action against an  
6 employee for impairment by or possession or use of  
7 intoxicating substances at work or during work hours;

8                   (2) require an employer to commit any act  
9 that would cause the employer to be noncompliant with or in  
10 violation of federal law or federal regulations or that would  
11 result in the loss of a federal contract or federal funding;  
12 or

13                   (3) prevent or infringe upon the rights of  
14 an employer to adopt and implement a written zero-tolerance  
15 policy regarding the use of cannabis products. A  
16 zero-tolerance policy may permit the discipline or  
17 termination of an employee on the basis of a positive drug  
18 test that indicates any amount of  
19 delta-9-tetrahydrocannabinol or delta-9-tetrahydrocannabinol  
20 metabolite.

21           B. The Cannabis Regulation Act does not apply to  
22 an employee of an employer subject to the provisions of Title  
23 2 of the federal Railway Labor Act.

24           C. Nothing in the Cannabis Regulation Act shall be  
25 construed to invalidate, diminish or otherwise interfere with



1 any collective bargaining agreement nor shall it be construed  
2 to invalidate, diminish or otherwise interfere with any  
3 party's power to collectively bargain such an agreement, or  
4 to an employer or employee.

5 D. As used in this section, "adverse employment  
6 action" means refusing to hire or employ a person; barring or  
7 discharging a person from employment; requiring a person to  
8 retire from employment; or discriminating against an employee  
9 in compensation or in terms, conditions or privileges of  
10 employment.

11 SECTION 35. APPEAL OF RULES.--A person who is or may be  
12 affected by a rule promulgated by the division or other state  
13 agency pursuant to the Cannabis Regulation Act may appeal to  
14 the district court.

15 SECTION 36. PUBLIC RECORDS AND OPEN MEETINGS.--Records  
16 of the division are subject to the Inspection of Public  
17 Records Act. Rulemaking and other hearings of the division  
18 are subject to the Open Meetings Act.

19 SECTION 37. INTRASTATE SOURCE.--Except as provided in  
20 Section 38 of the Cannabis Regulation Act, all cannabis  
21 products shall be derived from a source originating within  
22 New Mexico.

23 SECTION 38. IMPORTS AND EXPORTS.--

24 A. Notwithstanding the provisions of Section 37 of  
25 the Cannabis Regulation Act or any other provision of law,

1 the governor shall enter into agreements with other  
2 jurisdictions within or outside of the United States for the  
3 purposes of cross-jurisdictional delivery of cannabis  
4 products between this state and the other jurisdictions.

5 Such agreements shall:

6 (1) ensure enforceable public health and  
7 safety standards;

8 (2) include a system to regulate and track  
9 the interstate or international delivery of cannabis  
10 products; and

11 (3) ensure that any cannabis products  
12 delivered into this state, prior to sale to a consumer, are  
13 tested, packaged and labeled pursuant to New Mexico laws and  
14 rules.

15 B. Notwithstanding any other provision of law and  
16 in accordance with an agreement described in Subsection A of  
17 this section, a person licensed to:

18 (1) courier cannabis products may deliver  
19 cannabis products to a person located in, and authorized to  
20 receive cannabis products by, another jurisdiction in the  
21 United States; and

22 (2) receive cannabis products may receive  
23 cannabis products from a person located in, and authorized to  
24 export cannabis products by, another jurisdiction in the  
25 United States or internationally.

1 C. This section shall take effect on the earlier  
2 date on which:

3 (1) federal law is amended to allow for the  
4 interstate or international transfer of cannabis products  
5 between authorized cannabis-related businesses; or

6 (2) the United States department of justice  
7 issues an opinion or memorandum allowing or tolerating the  
8 interstate or international transfer of cannabis products  
9 between cannabis-related businesses as authorized by state  
10 law.

11 SECTION 39. CANNABIS REGULATION FUND.--

12 A. The "cannabis regulation fund" is created in  
13 the state treasury. The fund consists of appropriations,  
14 gifts, grants, donations and fees collected by the division  
15 pursuant to the Cannabis Regulation Act and the medical  
16 cannabis program administered by the division. Any  
17 unexpended or unencumbered balance remaining at the end of a  
18 fiscal year shall revert to the general fund.

19 B. Money in the cannabis regulation fund is  
20 subject to appropriation by the legislature to fund the  
21 division, the department of health, the department of  
22 environment, the New Mexico department of agriculture, the  
23 taxation and revenue department and the department of public  
24 safety for the purposes of carrying out the provisions of the  
25 Cannabis Regulation Act and the Lynn and Erin Compassionate

1 Use Act.

2 SECTION 40. PLANT LIMIT.--No later than September 1,  
3 2021, and each September 1 thereafter, the division shall by  
4 rule limit, by plant count, canopy or square footage, the  
5 number of cannabis plants that a licensee that is not an  
6 integrated cannabis microbusiness or a cannabis producer  
7 microbusiness may produce. The rule shall set the number of  
8 allowed cannabis plants per licensee to meet an average  
9 national market demand for cannabis products in states where  
10 adult and medical cannabis are authorized during the  
11 preceding year using a consumer base of no less than twenty  
12 percent of the adult population of New Mexico.

13 SECTION 41. INDIAN NATIONS, TRIBES AND PUEBLOS--  
14 INTERGOVERNMENTAL AGREEMENTS.--

15 A. The department may enter into one or more  
16 intergovernmental agreements with any tribal government to  
17 efficiently coordinate the cross-jurisdictional  
18 administration of the laws of this state and the laws of  
19 tribal governments relating to the use of cannabis products  
20 set forth in the Cannabis Regulation Act and the Lynn and  
21 Erin Compassionate Use Act. The agreements may include,  
22 without limitation, provisions relating to:

- 23 (1) criminal and civil law enforcement;  
24 (2) regulatory issues relating to the  
25 possession, delivery, production, processing or use of

1 cannabis products;

2 (3) the administration of laws relating to  
3 taxation;

4 (4) any immunity, preemption or conflict of  
5 law relating to the possession, delivery, production,  
6 processing or use of cannabis products; and

7 (5) the resolution of any disputes between a  
8 tribal government and the state, which may include, without  
9 limitation, the use of mediation or other nonjudicial  
10 processes.

11 B. An agreement entered into pursuant to this  
12 section shall:

13 (1) provide for the preservation of public  
14 health and safety;

15 (2) ensure the security of cannabis  
16 establishments and the corresponding facilities on tribal  
17 land;

18 (3) establish provisions regulating business  
19 involving cannabis that passes between tribal land and non-  
20 tribal land in New Mexico; and

21 (4) be negotiated in good faith, which shall  
22 respect and protect state and tribal sovereign immunity.

23 C. As used in this section, "tribal government"  
24 means a federally recognized Indian nation, tribe or pueblo  
25 located wholly or partially in the state.

1           SECTION 42. COOPERATION OF AGENCIES.--All state  
2 agencies shall cooperate with the division in carrying out  
3 the provisions of the Cannabis Regulation Act.

4           SECTION 43. A new section of Chapter 7 NMSA 1978 is  
5 enacted to read:

6           "SHORT TITLE.--Sections 43 through 47 of this act may be  
7 cited as the "Cannabis Tax Act".

8           SECTION 44. A new section of Chapter 7 NMSA 1978 is  
9 enacted to read:

10          "DEFINITIONS.--As used in the Cannabis Tax Act:

11           A. "cannabis":

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

19               (2) does not include:

20                   (a) the mature stalks of the plant;  
21 fiber produced from the stalks; oil or cake made from the  
22 seeds of the plant; any other compound, manufacture, salt,  
23 derivative, mixture or preparation of the mature stalks,  
24 fiber, oil or cake; or the sterilized seed of the plant that  
25 is incapable of germination; or

1 (b) the weight of any other ingredient  
2 combined with cannabis to prepare topical or oral  
3 administrations, food, drink or another product;

4 B. "cannabis extract":

5 (1) means a product obtained by separating  
6 resins from cannabis by solvent extraction using solvents  
7 other than vegetable glycerin, such as butane, hexane,  
8 isopropyl alcohol, ethanol or carbon dioxide; and

9 (2) does not include the weight of any other  
10 ingredient combined with cannabis extract to prepare topical  
11 or oral administrations, food, drink or another product;

12 C. "cannabis product" means a product that is or  
13 that contains cannabis or cannabis extracts, including edible  
14 or topical products that may also contain other ingredients;  
15 and

16 D. "cannabis retailer" means a person whose  
17 license from the cannabis control division of the regulation  
18 and licensing department allows the person to sell cannabis  
19 products to a person who purchases, acquires, possesses or  
20 uses the cannabis product for a purpose other than resale."

21 SECTION 45. A new section of Chapter 7 NMSA 1978 is  
22 enacted to read:

23 "CANNABIS EXCISE TAX.--

24 A. An excise tax is imposed on a cannabis retailer  
25 that sells cannabis products in this state. The tax imposed

1 by this section may be referred to as the "cannabis excise  
2 tax".

3 B. The rate of the cannabis excise tax shall be at  
4 the following rates and shall be applied to the price paid  
5 for a cannabis product:

6 (1) prior to July 1, 2025, twelve percent;

7 (2) beginning July 1, 2025 and prior to July  
8 1, 2026, thirteen percent;

9 (3) beginning July 1, 2026 and prior to July  
10 1, 2027, fourteen percent;

11 (4) beginning July 1, 2027 and prior to July  
12 1, 2028, fifteen percent;

13 (5) beginning July 1, 2028 and prior to July  
14 1, 2029, sixteen percent;

15 (6) beginning July 1, 2029 and prior to July  
16 1, 2030, seventeen percent; and

17 (7) beginning July 1, 2030, eighteen  
18 percent.

19 C. The cannabis excise tax shall not apply to  
20 retail sales of medical cannabis products sold to a qualified  
21 patient or a primary caregiver who presents a registry  
22 identification card issued pursuant to the Lynn and Erin  
23 Compassionate Use Act or a reciprocal participant who  
24 presents similar proof from another state, the District of  
25 Columbia or a territory or commonwealth of the United States



1 at the time of the sale."

2 SECTION 46. A new section of Chapter 7 NMSA 1978 is  
3 enacted to read:

4 "DATE PAYMENT DUE.--The cannabis excise tax is to be  
5 paid on or before the twenty-fifth day of the month following  
6 the month in which the taxable sale occurs."

7 SECTION 47. A new section of Chapter 7 NMSA 1978 is  
8 enacted to read:

9 "INTERPRETATION OF THE CANNABIS TAX ACT--ADMINISTRATION  
10 AND ENFORCEMENT OF TAX.--The department shall administer and  
11 enforce the collection of the cannabis excise tax pursuant to  
12 the Tax Administration Act."

13 SECTION 48. Section 7-1-2 NMSA 1978 (being Laws 1965,  
14 Chapter 248, Section 2, as amended by Laws 2019, Chapter 47,  
15 Section 1 and by Laws 2019, Chapter 53, Section 10 and also  
16 by Laws 2019, Chapter 270, Section 1) is amended to read:

17 "7-1-2. APPLICABILITY.--The Tax Administration Act  
18 applies to and governs:

19 A. the administration and enforcement of the  
20 following taxes or tax acts as they now exist or may  
21 hereafter be amended:

- 22 (1) Income Tax Act;  
23 (2) Withholding Tax Act;  
24 (3) Oil and Gas Proceeds and Pass-Through  
25 Entity Withholding Tax Act;

1                   (4) Gross Receipts and Compensating Tax Act,  
2 Interstate Telecommunications Gross Receipts Tax Act and  
3 Leased Vehicle Gross Receipts Tax Act;

4                   (5) Liquor Excise Tax Act;

5                   (6) Local Liquor Excise Tax Act;

6                   (7) any municipal local option gross  
7 receipts tax or municipal compensating tax;

8                   (8) any county local option gross receipts  
9 tax or county compensating tax;

10                  (9) Special Fuels Supplier Tax Act;

11                  (10) Gasoline Tax Act;

12                  (11) petroleum products loading fee, which  
13 fee shall be considered a tax for the purpose of the Tax  
14 Administration Act;

15                  (12) Alternative Fuel Tax Act;

16                  (13) Cigarette Tax Act;

17                  (14) Estate Tax Act;

18                  (15) Railroad Car Company Tax Act;

19                  (16) Investment Credit Act, rural job tax  
20 credit, Laboratory Partnership with Small Business Tax Credit  
21 Act, Technology Jobs and Research and Development Tax Credit  
22 Act, Film Production Tax Credit Act, Affordable Housing Tax  
23 Credit Act and high-wage jobs tax credit;

24                  (17) Corporate Income and Franchise Tax Act;

25                  (18) Uniform Division of Income for Tax

1 Purposes Act;

2 (19) Multistate Tax Compact;

3 (20) Tobacco Products Tax Act;

4 (21) the telecommunications relay service  
5 surcharge imposed by Section 63-9F-11 NMSA 1978, which  
6 surcharge shall be considered a tax for the purposes of the  
7 Tax Administration Act;

8 (22) the Insurance Premium Tax Act;

9 (23) the Health Care Quality Surcharge Act;

10 and

11 (24) the Cannabis Tax Act;

12 B. the administration and enforcement of the  
13 following taxes, surtaxes, advanced payments or tax acts as  
14 they now exist or may hereafter be amended:

15 (1) Resources Excise Tax Act;

16 (2) Severance Tax Act;

17 (3) any severance surtax;

18 (4) Oil and Gas Severance Tax Act;

19 (5) Oil and Gas Conservation Tax Act;

20 (6) Oil and Gas Emergency School Tax Act;

21 (7) Oil and Gas Ad Valorem Production Tax

22 Act;

23 (8) Natural Gas Processors Tax Act;

24 (9) Oil and Gas Production Equipment Ad

25 Valorem Tax Act;

1 (10) Copper Production Ad Valorem Tax Act;  
2 (11) any advance payment required to be made  
3 by any act specified in this subsection, which advance  
4 payment shall be considered a tax for the purposes of the Tax  
5 Administration Act;

6 (12) Enhanced Oil Recovery Act;

7 (13) Natural Gas and Crude Oil Production  
8 Incentive Act; and

9 (14) intergovernmental production tax credit  
10 and intergovernmental production equipment tax credit;

11 C. the administration and enforcement of the  
12 following taxes, surcharges, fees or acts as they now exist  
13 or may hereafter be amended:

14 (1) Weight Distance Tax Act;

15 (2) the workers' compensation fee authorized  
16 by Section 52-5-19 NMSA 1978, which fee shall be considered a  
17 tax for purposes of the Tax Administration Act;

18 (3) Uniform Unclaimed Property Act (1995);

19 (4) 911 emergency surcharge and the network  
20 and database surcharge, which surcharges shall be considered  
21 taxes for purposes of the Tax Administration Act;

22 (5) the solid waste assessment fee  
23 authorized by the Solid Waste Act, which fee shall be  
24 considered a tax for purposes of the Tax Administration Act;

25 (6) the water conservation fee imposed by

1 Section 74-1-13 NMSA 1978, which fee shall be considered a  
2 tax for the purposes of the Tax Administration Act; and

3 (7) the gaming tax imposed pursuant to the  
4 Gaming Control Act; and

5 D. the administration and enforcement of all other  
6 laws, with respect to which the department is charged with  
7 responsibilities pursuant to the Tax Administration Act, but  
8 only to the extent that the other laws do not conflict with  
9 the Tax Administration Act."

10 SECTION 49. Section 7-1-6.15 NMSA 1978 (being Laws  
11 1983, Chapter 211, Section 20, as amended by Laws 2015,  
12 Chapter 89, Section 1 and by Laws 2015, Chapter 100, Section  
13 1) is amended to read:

14 "7-1-6.15. ADJUSTMENTS OF DISTRIBUTIONS OR TRANSFERS TO  
15 MUNICIPALITIES OR COUNTIES.--

16 A. The provisions of this section apply to:

17 (1) any distribution to a municipality  
18 pursuant to Section 7-1-6.4, 7-1-6.36 or 7-1-6.46 NMSA 1978;

19 (2) any transfer to a municipality with  
20 respect to any local option gross receipts tax imposed by  
21 that municipality;

22 (3) any transfer to a county with respect to  
23 any local option gross receipts tax imposed by that county;

24 (4) any distribution to a county pursuant to  
25 Section 7-1-6.16 or 7-1-6.47 NMSA 1978;

1                   (5) any distribution to a municipality or a  
2 county of gasoline taxes pursuant to Section 7-1-6.9 NMSA  
3 1978;

4                   (6) any transfer to a county with respect to  
5 any tax imposed in accordance with the Local Liquor Excise  
6 Tax Act;

7                   (7) any distribution to a county from the  
8 county government road fund pursuant to Section 7-1-6.26 NMSA  
9 1978;

10                  (8) any distribution to a municipality of  
11 gasoline taxes pursuant to Section 7-1-6.27 NMSA 1978;

12                  (9) any distribution to a municipality of  
13 compensating taxes pursuant to Section 7-1-6.55 NMSA 1978;  
14 and

15                  (10) any distribution to a municipality or a  
16 county of cannabis excise taxes pursuant to the Cannabis Tax  
17 Act.

18                  B. Before making a distribution or transfer  
19 specified in Subsection A of this section to a municipality  
20 or county for the month, amounts comprising the net receipts  
21 shall be segregated into two mutually exclusive categories.  
22 One category shall be for amounts relating to the current  
23 month, and the other category shall be for amounts relating  
24 to prior periods. The total of each category for a  
25 municipality or county shall be reported each month to that

1 municipality or county. If the total of the amounts relating  
2 to prior periods is less than zero and its absolute value  
3 exceeds the greater of one hundred dollars (\$100) or an  
4 amount equal to twenty percent of the average distribution or  
5 transfer amount for that municipality or county, then the  
6 following procedures shall be carried out:

7 (1) all negative amounts relating to any  
8 period prior to the three calendar years preceding the year  
9 of the current month, net of any positive amounts in that  
10 same time period for the same taxpayers to which the negative  
11 amounts pertain, shall be excluded from the total relating to  
12 prior periods. Except as provided in Paragraph (2) of this  
13 subsection, the net receipts to be distributed or transferred  
14 to the municipality or county shall be adjusted to equal the  
15 amount for the current month plus the revised total for prior  
16 periods; and

17 (2) if the revised total for prior periods  
18 determined pursuant to Paragraph (1) of this subsection is  
19 negative and its absolute value exceeds the greater of one  
20 hundred dollars (\$100) or an amount equal to twenty percent  
21 of the average distribution or transfer amount for that  
22 municipality or county, the revised total for prior periods  
23 shall be excluded from the distribution or transfers and the  
24 net receipts to be distributed or transferred to the  
25 municipality or county shall be equal to the amount for the

1 current month.

2 C. The department shall recover from a  
3 municipality or county the amount excluded by Paragraph (2)  
4 of Subsection B of this section. This amount may be referred  
5 to as the "recoverable amount".

6 D. Prior to or concurrently with the distribution  
7 or transfer to the municipality or county of the adjusted net  
8 receipts, the department shall notify the municipality or  
9 county whose distribution or transfer has been adjusted  
10 pursuant to Paragraph (2) of Subsection B of this section:

11 (1) that the department has made such an  
12 adjustment, that the department has determined that a  
13 specified amount is recoverable from the municipality or  
14 county and that the department intends to recover that amount  
15 from future distributions or transfers to the municipality or  
16 county;

17 (2) that the municipality or county has  
18 ninety days from the date notice is made to enter into a  
19 mutually agreeable repayment agreement with the department;

20 (3) that if the municipality or county takes  
21 no action within the ninety-day period, the department will  
22 recover the amount from the next six distributions or  
23 transfers following the expiration of the ninety days; and

24 (4) that the municipality or county may  
25 inspect, pursuant to Section 7-1-8.9 NMSA 1978, an



1 application for a claim for refund that gave rise to the  
2 recoverable amount, exclusive of any amended returns that may  
3 be attached to the application.

4 E. No earlier than ninety days from the date  
5 notice pursuant to Subsection D of this section is given, the  
6 department shall begin recovering the recoverable amount from  
7 a municipality or county as follows:

8 (1) the department may collect the  
9 recoverable amount by:

10 (a) decreasing distributions or  
11 transfers to the municipality or county in accordance with a  
12 repayment agreement entered into with the municipality or  
13 county; or

14 (b) except as provided in Paragraphs  
15 (2) and (3) of this subsection, if the municipality or county  
16 fails to act within the ninety days, decreasing the amount of  
17 the next six distributions or transfers to the municipality  
18 or county following expiration of the ninety-day period in  
19 increments as nearly equal as practicable and sufficient to  
20 recover the amount;

21 (2) if, pursuant to Subsection B of this  
22 section, the secretary determines that the recoverable amount  
23 is more than fifty percent of the average distribution or  
24 transfer of net receipts for that municipality or county, the  
25 secretary:

1 (a) shall recover only up to fifty  
2 percent of the average distribution or transfer of net  
3 receipts for that municipality or county; and

4 (b) may, in the secretary's discretion,  
5 waive recovery of any portion of the recoverable amount,  
6 subject to approval by the state board of finance; and

7 (3) if, after application of a refund claim,  
8 audit adjustment, correction of a mistake by the department  
9 or other adjustment of a prior period, but prior to any  
10 recovery of the department pursuant to this section, the  
11 total net receipts of a municipality or county for the  
12 twelve-month period beginning with the current month are  
13 reduced or are projected to be reduced to less than fifty  
14 percent of the average distribution or transfer of net  
15 receipts, the secretary may waive recovery of any portion of  
16 the recoverable amount, subject to approval by the state  
17 board of finance.

18 F. No later than ninety days from the date notice  
19 pursuant to Subsection D of this section is given, the  
20 department shall provide the municipality or county adequate  
21 opportunity to review an application for a claim for refund  
22 that gave rise to the recoverable amount, exclusive of any  
23 amended returns that may be attached to the application,  
24 pursuant to Section 7-1-8.9 NMSA 1978.

25 G. On or before September 1 of each year beginning HB 2/a  
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1 in 2016, the secretary shall report to the state board of  
2 finance and the legislative finance committee the total  
3 recoverable amount waived pursuant to Subparagraph (b) of  
4 Paragraph (2) and Paragraph (3) of Subsection E of this  
5 section for each municipality and county in the prior fiscal  
6 year.

7 H. The secretary is authorized to decrease a  
8 distribution or transfer to a municipality or county upon  
9 being directed to do so by the secretary of finance and  
10 administration pursuant to the State Aid Intercept Act or to  
11 redirect a distribution or transfer to the New Mexico finance  
12 authority pursuant to an ordinance or a resolution passed by  
13 the county or municipality and a written agreement of the  
14 municipality or county and the New Mexico finance authority.  
15 Upon direction to decrease a distribution or transfer or  
16 notice to redirect a distribution or transfer to a  
17 municipality or county, the secretary shall decrease or  
18 redirect the next designated distribution or transfer, and  
19 succeeding distributions or transfers as necessary, by the  
20 amount of the state distributions intercept authorized by the  
21 secretary of finance and administration pursuant to the State  
22 Aid Intercept Act or by the amount of the state distribution  
23 intercept authorized pursuant to an ordinance or a resolution  
24 passed by the county or municipality and a written agreement  
25 with the New Mexico finance authority. The secretary shall

1 transfer the state distributions intercept amount to the  
2 municipal or county treasurer or other person designated by  
3 the secretary of finance and administration or to the New  
4 Mexico finance authority pursuant to written agreement to pay  
5 the debt service to avoid default on qualified local revenue  
6 bonds or meet other local revenue bond, loan or other debt  
7 obligations of the municipality or county to the New Mexico  
8 finance authority. A decrease to or redirection of a  
9 distribution or transfer pursuant to this subsection that  
10 arose:

11 (1) prior to an adjustment of a distribution  
12 or transfer of net receipts creating a recoverable amount  
13 owed to the department takes precedence over any collection  
14 of any recoverable amount pursuant to Paragraph (2) of  
15 Subsection B of this section, which may be made only from the  
16 net amount of the distribution or transfer remaining after  
17 application of the decrease or redirection pursuant to this  
18 subsection; and

19 (2) after an adjustment of a distribution or  
20 transfer of net receipts creating a recoverable amount owed  
21 to the department shall be subordinate to any collection of  
22 any recoverable amount pursuant to Paragraph (2) of  
23 Subsection B of this section.

24 I. Upon the direction of the secretary of finance  
25 and administration pursuant to Section 9-6-5.2 NMSA 1978, the

1 secretary shall temporarily withhold the balance of a  
2 distribution to a municipality or county, net of any decrease  
3 or redirected amount pursuant to Subsection H of this section  
4 and any recoverable amount pursuant to Paragraph (2) of  
5 Subsection B of this section, that has failed to submit an  
6 audit report required by the Audit Act or a financial report  
7 required by Subsection F of Section 6-6-2 NMSA 1978. The  
8 amount to be withheld, the source of the withheld  
9 distribution and the number of months that the distribution  
10 is to be withheld shall be as directed by the secretary of  
11 finance and administration. A distribution withheld pursuant  
12 to this subsection shall remain in the tax administration  
13 suspense fund until distributed to the municipality or county  
14 and shall not be distributed to the general fund. An amount  
15 withheld pursuant to this subsection shall be distributed to  
16 the municipality or county upon direction of the secretary of  
17 finance and administration.

18 J. As used in this section:

19 (1) "amounts relating to the current month"  
20 means any amounts included in the net receipts of the current  
21 month that represent payment of tax due for the current  
22 month, correction of amounts processed in the current month  
23 that relate to the current month or that otherwise relate to  
24 obligations due for the current month;

25 (2) "amounts relating to prior periods"

1 means any amounts processed during the current month that  
2 adjust amounts processed in a period or periods prior to the  
3 current month regardless of whether the adjustment is a  
4 correction of a department error or due to the filing of  
5 amended returns, payment of department-issued assessments,  
6 filing or approval of claims for refund, audit adjustments or  
7 other cause;

8 (3) "average distribution or transfer  
9 amount" means the following amounts; provided that a  
10 distribution or transfer that is negative shall not be used  
11 in calculating the amounts:

12 (a) the annual average of the total  
13 amount distributed or transferred to a municipality or county  
14 in each of the three twelve-month periods preceding the  
15 current month;

16 (b) if a distribution or transfer to a  
17 municipality or county has been made for less than three  
18 years, the total amount distributed or transferred in the  
19 year preceding the current month; or

20 (c) if a municipality or county has not  
21 received distributions or transfers of net receipts for  
22 twelve or more months, the monthly average of net receipts  
23 distributed or transferred to the municipality or county  
24 preceding the current month multiplied by twelve;

25 (4) "current month" means the month for

1 which the distribution or transfer is being prepared; and

2 (5) "repayment agreement" means an agreement  
3 between the department and a municipality or county under  
4 which the municipality or county agrees to allow the  
5 department to recover an amount determined pursuant to  
6 Paragraph (2) of Subsection B of this section by decreasing  
7 distributions or transfers to the municipality or county for  
8 one or more months beginning with the distribution or  
9 transfer to be made with respect to a designated month. No  
10 interest shall be charged."

11 SECTION 50. A new section of the Tax Administration Act  
12 is enacted to read:

13 "DISTRIBUTION--CANNABIS EXCISE TAX--MUNICIPALITIES AND  
14 COUNTIES.--

15 A. A distribution pursuant to Section 7-1-6.1 NMSA  
16 1978 shall be made to each municipality, subject to any  
17 increase or decrease made pursuant to Section 7-1-6.15 NMSA  
18 1978, in an amount equal to thirty-three and thirty-three  
19 hundredths percent of the net receipts attributable to the  
20 cannabis excise tax from cannabis retailers within the  
21 municipality.

22 B. A distribution pursuant to Section 7-1-6.1 NMSA  
23 1978 shall be made to each county in an amount equal to  
24 thirty-three and thirty-three hundredths percent of the net  
25 receipts attributable to the cannabis excise tax from

1 cannabis retailers within the county area of the county.

2 C. The department may deduct an amount not to  
3 exceed three percent of the distributions made pursuant to  
4 this section for the reasonable costs for administering the  
5 distributions.

6 D. As used in this section, "county area" means  
7 that portion of a county located outside the boundaries of  
8 any municipality."

9 SECTION 51. Section 7-2-2 NMSA 1978 (being Laws 1986,  
10 Chapter 20, Section 26, as amended) is amended to read:

11 "7-2-2. DEFINITIONS.--For the purpose of the Income Tax  
12 Act and unless the context requires otherwise:

13 A. "adjusted gross income" means adjusted gross  
14 income as defined in Section 62 of the Internal Revenue Code,  
15 as that section may be amended or renumbered;

16 B. "base income":

17 (1) means, for estates and trusts, that part  
18 of the estate's or trust's income defined as taxable income  
19 and upon which the federal income tax is calculated in the  
20 Internal Revenue Code for income tax purposes plus, for  
21 taxable years beginning on or after January 1, 1991, the  
22 amount of the net operating loss deduction allowed by Section  
23 172(a) of the Internal Revenue Code, as that section may be  
24 amended or renumbered, and taken by the taxpayer for that  
25 year;



1                   (2) means, for taxpayers other than estates  
2 or trusts, that part of the taxpayer's income defined as  
3 adjusted gross income plus, for taxable years beginning on or  
4 after January 1, 1991, the amount of the net operating loss  
5 deduction allowed by Section 172(a) of the Internal Revenue  
6 Code, as that section may be amended or renumbered, and taken  
7 by the taxpayer for that year;

8                   (3) includes, for all taxpayers, any other  
9 income of the taxpayer not included in adjusted gross income  
10 but upon which a federal tax is calculated pursuant to the  
11 Internal Revenue Code for income tax purposes, except amounts  
12 for which a calculation of tax is made pursuant to Section 55  
13 of the Internal Revenue Code, as that section may be amended  
14 or renumbered; "base income" also includes interest received  
15 on a state or local bond;

16                   (4) includes, for all taxpayers, an amount  
17 deducted pursuant to Section 7-2-32 NMSA 1978 in a prior  
18 taxable year if:

19                   (a) such amount is transferred to  
20 another qualified tuition program, as defined in Section 529  
21 of the Internal Revenue Code, not authorized in the Education  
22 Trust Act; or

23                   (b) a distribution or refund is made  
24 for any reason other than: 1) to pay for qualified higher  
25 education expenses, as defined pursuant to Section 529 of the

1 Internal Revenue Code; or 2) upon the beneficiary's death,  
2 disability or receipt of a scholarship; and

3 (5) excludes, for a taxpayer who conducts a  
4 lawful business pursuant to the laws of the state, an amount  
5 equal to any expenditure that is eligible to be claimed as a  
6 federal income tax deduction but is disallowed by Section  
7 280E of the Internal Revenue Code, as that section may be  
8 amended or renumbered;

9 C. "compensation" means wages, salaries,  
10 commissions and any other form of remuneration paid to  
11 employees for personal services;

12 D. "department" means the taxation and revenue  
13 department, the secretary or any employee of the department  
14 exercising authority lawfully delegated to that employee by  
15 the secretary;

16 E. "fiduciary" means a guardian, trustee,  
17 executor, administrator, committee, conservator, receiver,  
18 individual or corporation acting in any fiduciary capacity;

19 F. "filing status" means "married filing joint  
20 returns", "married filing separate returns", "head of  
21 household", "surviving spouse" and "single", as those terms  
22 are generally defined for federal tax purposes;

23 G. "fiscal year" means any accounting period of  
24 twelve months ending on the last day of any month other than  
25 December;

1           H. "head of household" means "head of household"  
2 as generally defined for federal income tax purposes;

3           I. "individual" means a natural person, an estate,  
4 a trust or a fiduciary acting for a natural person, trust or  
5 estate;

6           J. "Internal Revenue Code" means the United States  
7 Internal Revenue Code of 1986, as amended;

8           K. "lump-sum amount" means, for the purpose of  
9 determining liability for federal income tax, an amount that  
10 was not included in adjusted gross income but upon which the  
11 five-year-averaging or the ten-year-averaging method of tax  
12 computation provided in Section 402 of the Internal Revenue  
13 Code, as that section may be amended or renumbered, was  
14 applied;

15           L. "modified gross income" means all income of the  
16 taxpayer and, if any, the taxpayer's spouse and dependents,  
17 undiminished by losses and from whatever source, including:

- 18                   (1) compensation;
- 19                   (2) net profit from business;
- 20                   (3) gains from dealings in property;
- 21                   (4) interest;
- 22                   (5) net rents;
- 23                   (6) royalties;
- 24                   (7) dividends;
- 25                   (8) alimony and separate maintenance

1 payments;

2 (9) annuities;

3 (10) income from life insurance and  
4 endowment contracts;

5 (11) pensions;

6 (12) discharge of indebtedness;

7 (13) distributive share of partnership  
8 income;

9 (14) income in respect of a decedent;

10 (15) income from an interest in an estate or  
11 a trust;

12 (16) social security benefits;

13 (17) unemployment compensation benefits;

14 (18) workers' compensation benefits;

15 (19) public assistance and welfare benefits;

16 (20) cost-of-living allowances; and

17 (21) gifts;

18 M. "modified gross income" excludes:

19 (1) payments for hospital, dental, medical  
20 or drug expenses to or on behalf of the taxpayer;

21 (2) the value of room and board provided by  
22 federal, state or local governments or by private individuals  
23 or agencies based upon financial need and not as a form of  
24 compensation;

25 (3) payments pursuant to a federal, state or  
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1 local government program directly or indirectly to a third  
2 party on behalf of the taxpayer when identified to a  
3 particular use or invoice by the payer; or

4 (4) payments for credits and rebates  
5 pursuant to the Income Tax Act and made for a credit pursuant  
6 to Section 7-3-9 NMSA 1978;

7 N. "net income" means, for estates and trusts,  
8 base income adjusted to exclude amounts that the state is  
9 prohibited from taxing because of the laws or constitution of  
10 this state or the United States and means, for taxpayers  
11 other than estates or trusts, base income adjusted to  
12 exclude:

13 (1) an amount equal to the standard  
14 deduction allowed the taxpayer for the taxpayer's taxable  
15 year by Section 63 of the Internal Revenue Code, as that  
16 section may be amended or renumbered;

17 (2) an amount equal to the itemized  
18 deductions defined in Section 63 of the Internal Revenue  
19 Code, as that section may be amended or renumbered, allowed  
20 the taxpayer for the taxpayer's taxable year less the amount  
21 excluded pursuant to Paragraph (1) of this subsection and  
22 less the amount of state and local income and sales taxes  
23 included in the taxpayer's itemized deductions;

24 (3) an amount equal to the product of the  
25 exemption amount allowed for the taxpayer's taxable year by

1 Section 151 of the Internal Revenue Code, as that section may  
2 be amended or renumbered, multiplied by the number of  
3 personal exemptions allowed for federal income tax purposes;

4 (4) income from obligations of the United  
5 States of America less expenses incurred to earn that income;

6 (5) other amounts that the state is  
7 prohibited from taxing because of the laws or constitution of  
8 this state or the United States;

9 (6) for taxable years that began prior to  
10 January 1, 1991, an amount equal to the sum of:

11 (a) net operating loss carryback  
12 deductions to that year from taxable years beginning prior to  
13 January 1, 1991 claimed and allowed, as provided by the  
14 Internal Revenue Code; and

15 (b) net operating loss carryover  
16 deductions to that year claimed and allowed;

17 (7) for taxable years beginning on or after  
18 January 1, 1991 and prior to January 1, 2013, an amount equal  
19 to the sum of any net operating loss carryover deductions to  
20 that year claimed and allowed, provided that the amount of  
21 any net operating loss carryover from a taxable year  
22 beginning on or after January 1, 1991 and prior to January 1,  
23 2013 may be excluded only as follows:

24 (a) in the case of a timely filed  
25 return, in the taxable year immediately following the taxable

1 year for which the return is filed; or

2 (b) in the case of amended returns or  
3 original returns not timely filed, in the first taxable year  
4 beginning after the date on which the return or amended  
5 return establishing the net operating loss is filed; and

6 (c) in either case, if the net  
7 operating loss carryover exceeds the amount of net income  
8 exclusive of the net operating loss carryover for the taxable  
9 year to which the exclusion first applies, in the next four  
10 succeeding taxable years in turn until the net operating loss  
11 carryover is exhausted for any net operating loss carryover  
12 from a taxable year prior to January 1, 2013; in no event  
13 shall a net operating loss carryover from a taxable year  
14 beginning prior to January 1, 2013 be excluded in any taxable  
15 year after the fourth taxable year beginning after the  
16 taxable year to which the exclusion first applies;

17 (8) for taxable years beginning on or after  
18 January 1, 2013, an amount equal to the sum of any net  
19 operating loss carryover deductions to that year claimed and  
20 allowed; provided that the amount of any net operating loss  
21 carryover may be excluded only as follows:

22 (a) in the case of a timely filed  
23 return, in the taxable year immediately following the taxable  
24 year for which the return is filed; or

25 (b) in the case of amended returns or

1 original returns not timely filed, in the first taxable year  
2 beginning after the date on which the return or amended  
3 return establishing the net operating loss is filed; and

4 (c) in either case, if the net  
5 operating loss carryover exceeds the amount of net income  
6 exclusive of the net operating loss carryover for the taxable  
7 year to which the exclusion first applies, in the next  
8 nineteen succeeding taxable years in turn until the net  
9 operating loss carryover is exhausted for any net operating  
10 loss carryover from a taxable year beginning on or after  
11 January 1, 2013; in no event shall a net operating loss  
12 carryover from a taxable year beginning: 1) prior to January  
13 1, 2013 be excluded in any taxable year after the fourth  
14 taxable year beginning after the taxable year to which the  
15 exclusion first applies; and 2) on or after January 1, 2013  
16 be excluded in any taxable year after the nineteenth taxable  
17 year beginning after the taxable year to which the exclusion  
18 first applies; and

19 (9) for taxable years beginning on or after  
20 January 1, 2011, an amount equal to the amount included in  
21 adjusted gross income that represents a refund of state and  
22 local income and sales taxes that were deducted for federal  
23 tax purposes in taxable years beginning on or after January  
24 1, 2010;

25 0. "net operating loss" means any net operating



1 loss, as defined by Section 172(c) of the Internal Revenue  
2 Code, as that section may be amended or renumbered, for a  
3 taxable year as further increased by the income, if any, from  
4 obligations of the United States for that year less related  
5 expenses;

6 P. "net operating loss carryover" means the  
7 amount, or any portion of the amount, of a net operating loss  
8 for any taxable year that, pursuant to Paragraph (6), (7) or  
9 (8) of Subsection N of this section, may be excluded from  
10 base income;

11 Q. "nonresident" means every individual not a  
12 resident of this state;

13 R. "person" means any individual, estate, trust,  
14 receiver, cooperative association, club, corporation,  
15 company, firm, partnership, limited liability company, joint  
16 venture, syndicate or other association; "person" also means,  
17 to the extent permitted by law, any federal, state or other  
18 governmental unit or subdivision or agency, department or  
19 instrumentality thereof;

20 S. "resident" means an individual who is domiciled  
21 in this state during any part of the taxable year or an  
22 individual who is physically present in this state for one  
23 hundred eighty-five days or more during the taxable year; but  
24 any individual, other than someone who was physically present  
25 in the state for one hundred eighty-five days or more during

1 the taxable year, who, on or before the last day of the  
2 taxable year, changed the individual's place of abode to a  
3 place without this state with the bona fide intention of  
4 continuing actually to abide permanently without this state  
5 is not a resident for the purposes of the Income Tax Act for  
6 periods after that change of abode;

7 T. "secretary" means the secretary of taxation and  
8 revenue or the secretary's delegate;

9 U. "state" means any state of the United States,  
10 the District of Columbia, the commonwealth of Puerto Rico,  
11 any territory or possession of the United States or any  
12 political subdivision of a foreign country;

13 V. "state or local bond" means a bond issued by a  
14 state other than New Mexico or by a local government other  
15 than one of New Mexico's political subdivisions, the interest  
16 from which is excluded from income for federal income tax  
17 purposes under Section 103 of the Internal Revenue Code, as  
18 that section may be amended or renumbered;

19 W. "surviving spouse" means "surviving spouse" as  
20 generally defined for federal income tax purposes;

21 X. "taxable income" means net income less any  
22 lump-sum amount;

23 Y. "taxable year" means the calendar year or  
24 fiscal year upon the basis of which the net income is  
25 computed under the Income Tax Act and includes, in the case

1 of the return made for a fractional part of a year under the  
2 provisions of the Income Tax Act, the period for which the  
3 return is made; and

4 Z. "taxpayer" means any individual subject to the  
5 tax imposed by the Income Tax Act."

6 SECTION 52. Section 7-2A-2 NMSA 1978 (being Laws 1986,  
7 Chapter 20, Section 33, as amended) is amended to read:

8 "7-2A-2. DEFINITIONS.--For the purpose of the Corporate  
9 Income and Franchise Tax Act and unless the context requires  
10 otherwise:

11 A. "bank" means any national bank, national  
12 banking association, state bank or bank holding company;

13 B. "apportioned net income" or "apportioned net  
14 loss" means net income allocated and apportioned to New  
15 Mexico pursuant to the provisions of the Corporate Income and  
16 Franchise Tax Act or the Uniform Division of Income for Tax  
17 Purposes Act, but excluding from the sales factor any sales  
18 that represent intercompany transactions between members of  
19 the filing group;

20 C. "base income" means the federal taxable income  
21 or the federal net operating loss of a corporation for the  
22 taxable year calculated pursuant to the Internal Revenue  
23 Code, after special deductions provided in Sections 241  
24 through 249 of the Internal Revenue Code but without any  
25 deduction for net operating losses, as if the corporation

1 filed a federal tax return as a separate domestic entity,  
2 modified as follows:

3 (1) adding to that income:

4 (a) interest received on a state or  
5 local bond exempt under the Internal Revenue Code;

6 (b) the amount of any deduction claimed  
7 in calculating taxable income for all expenses and costs  
8 directly or indirectly paid, accrued or incurred to a captive  
9 real estate investment trust; and

10 (c) the amount of any deduction, other  
11 than for premiums, for amounts paid directly or indirectly to  
12 a commonly controlled entity that is exempt from corporate  
13 income tax pursuant to Section 7-2A-4 NMSA 1978;

14 (2) subtracting from that income:

15 (a) income from obligations of the  
16 United States net of expenses incurred to earn that income;

17 (b) other amounts that the state is  
18 prohibited from taxing because of the laws or constitution of  
19 this state or the United States net of any related expenses;

20 (c) an amount equal to one hundred  
21 percent of the subpart F income, as that term is defined in  
22 Section 952 of the Internal Revenue Code, as that section may  
23 be amended or renumbered, included in the income of the  
24 corporation; and

25 (d) an amount equal to one hundred

1 percent of the income of the corporation under Section 951A  
2 of the Internal Revenue Code, after allowing the deduction  
3 provided in Section 250 of the Internal Revenue Code;

4 (3) making other adjustments deemed  
5 necessary to properly reflect income of the unitary group,  
6 including attribution of income or expense related to unitary  
7 assets held by related corporations that are not part of the  
8 filing group; and

9 (4) for a taxpayer that conducts a lawful  
10 business pursuant to the laws of this state, excludes an  
11 amount equal to any expenditure that is eligible to be  
12 claimed as a federal income tax deduction but is disallowed  
13 pursuant to Section 280E of the Internal Revenue Code, as  
14 that section may be amended or renumbered;

15 D. "captive real estate investment trust" means a  
16 corporation, trust or association taxed as a real estate  
17 investment trust pursuant to Section 857 of the Internal  
18 Revenue Code, the shares or beneficial interests of which are  
19 not regularly traded on an established securities market;  
20 provided that more than fifty percent of any class of  
21 beneficial interests or shares of the real estate investment  
22 trust are owned directly, indirectly or constructively by the  
23 taxpayer during all or a part of the taxpayer's taxable year;

24 E. "common ownership" means the direct or indirect  
25 control or ownership of more than fifty percent of the

1 outstanding voting stock, ownership of which is determined  
2 pursuant to Section 1563 of the Internal Revenue Code, as  
3 that section may be amended or renumbered, of:

4 (1) a parent-subsidiary controlled group as  
5 defined in Section 1563 of the Internal Revenue Code, except  
6 that fifty percent shall be substituted for eighty percent;

7 (2) a brother-sister controlled group as  
8 defined in Section 1563 of the Internal Revenue Code; or

9 (3) three or more corporations each of which  
10 is a member of a group of corporations described in Paragraph  
11 (1) or (2) of this subsection, and one of which is:

12 (a) a common parent corporation  
13 included in a group of corporations described in Paragraph  
14 (1) of this subsection; and

15 (b) included in a group of corporations  
16 described in Paragraph (2) of this subsection;

17 F. "consolidated group" means the group of  
18 entities properly filing a federal consolidated return under  
19 the Internal Revenue Code for the taxable year;

20 G. "corporation" means corporations, joint stock  
21 companies, real estate trusts organized and operated under  
22 the Real Estate Trust Act, financial corporations and banks,  
23 other business associations and, for corporate income tax  
24 purposes, partnerships and limited liability companies taxed  
25 as corporations under the Internal Revenue Code;

1           H. "department" means the taxation and revenue  
2 department, the secretary of taxation and revenue or any  
3 employee of the department exercising authority lawfully  
4 delegated to that employee by the secretary;

5           I. "filing group" means a group of corporations  
6 properly included in a return pursuant to Section 7-2A-8.3  
7 NMSA 1978 for a particular taxable year;

8           J. "fiscal year" means any accounting period of  
9 twelve months ending on the last day of any month other than  
10 December;

11           K. "grandfathered net operating loss carryover"  
12 means:

13                 (1) the amount of net loss properly reported  
14 to New Mexico for taxable years beginning January 1, 2013 and  
15 prior to January 1, 2020 as part of a timely filed original  
16 return, or an amended return for those taxable years filed  
17 prior to January 1, 2020, to the extent such loss can be  
18 attributed to one or more corporations that are properly  
19 included in the taxpayer's return for the first taxable year  
20 beginning on or after January 1, 2020;

21                 (2) reduced by:

22                         (a) adding back deductions that were  
23 taken by the corporation or corporations for royalties or  
24 interest paid to one or more related corporations, but only  
25 to the extent that such adjustment would not create a net

1 loss for such related corporations; and

2 (b) the amount of net operating loss  
3 deductions taken prior to January 1, 2020 that would be  
4 charged against those losses consistent with the Internal  
5 Revenue Code and provisions of the Corporate Income and  
6 Franchise Tax Act applicable to the year of the deduction;  
7 and

8 (3) apportioned to New Mexico using the  
9 apportionment factors that can properly be attributed to the  
10 corporation or corporations for the year of the net loss;

11 L. "Internal Revenue Code" means the United States  
12 Internal Revenue Code of 1986, as amended;

13 M. "net income" means:

14 (1) the base income of a corporation  
15 properly filing a tax return as a separate entity; or

16 (2) the combined base income and losses of  
17 corporations that are part of a filing group that is computed  
18 after eliminating intercompany income and expense in a manner  
19 consistent with the consolidated filing requirements of the  
20 Internal Revenue Code and the Corporate Income and Franchise  
21 Tax Act;

22 N. "net operating loss carryover" means the  
23 apportioned net loss properly reported on an original or  
24 amended tax return for taxable years beginning on or after  
25 January 1, 2020 by the taxpayer:



1 (1) plus:

2 (a) the portion of an apportioned net  
3 loss properly reported to New Mexico for a taxable year  
4 beginning on or after January 1, 2020, on a separate year  
5 return, to the extent the taxpayer would have been entitled  
6 to include the portion of such apportioned net loss in the  
7 taxpayer's consolidated net operating loss carryforward under  
8 the Internal Revenue Code if the taxpayer filed a  
9 consolidated federal return; and

10 (b) the taxpayer's grandfathered net  
11 operating loss carryover; and

12 (2) minus:

13 (a) the amount of the net operating  
14 loss carryover attributed to an entity that has left the  
15 filing group, computed in a manner consistent with the  
16 consolidated filing requirements of the Internal Revenue Code  
17 and applicable regulations, as if the taxpayer were filing a  
18 consolidated return; and

19 (b) the amount of net operating loss  
20 deductions properly taken by the taxpayer;

21 O. "net operating loss deduction" means the  
22 portion of the net operating loss carryover that may be  
23 deducted from the taxpayer's apportioned net income under the  
24 Internal Revenue Code as of January 1, 2018 for the taxable  
25 year in which the deduction is taken, including the eighty

1 percent limitation of Section 172(a) of the Internal Revenue  
2 Code as of January 1, 2018 calculated on the basis of the  
3 taxpayer's apportioned net income;

4 P. "person" means any individual, estate, trust,  
5 receiver, cooperative association, club, corporation,  
6 company, firm, partnership, limited liability company, joint  
7 venture, syndicate or other association; "person" also means,  
8 to the extent permitted by law, any federal, state or other  
9 governmental unit or subdivision or agency, department or  
10 instrumentality thereof;

11 Q. "real estate investment trust" has the meaning  
12 ascribed to the term in Section 856 of the Internal Revenue  
13 Code, as that section may be amended or renumbered;

14 R. "related corporation" means a corporation that  
15 is under common ownership with one or more corporations but  
16 that is not included in the same tax return;

17 S. "return" means any tax or information return,  
18 including a water's-edge or worldwide combined return, a  
19 consolidated return, a declaration of estimated tax or a  
20 claim for refund, including any amendments or supplements to  
21 the return, required or permitted pursuant to a law subject  
22 to administration and enforcement pursuant to the Tax  
23 Administration Act and filed with the department by or on  
24 behalf of any person;

25 T. "secretary" means the secretary of taxation and  
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1 revenue or the secretary's delegate;

2 U. "separate year return" means a properly filed  
3 original or amended return for a taxable year beginning on or  
4 after January 1, 2020 by a taxpayer reporting a loss, a  
5 portion of which is claimed as part of the net operating loss  
6 carryover by another taxpayer in a subsequent return period;

7 V. "state" means any state of the United States,  
8 the District of Columbia, the commonwealth of Puerto Rico,  
9 any territory or possession of the United States or political  
10 subdivision thereof or any political subdivision of a foreign  
11 country;

12 W. "state or local bond" means a bond issued by a  
13 state other than New Mexico or by a local government other  
14 than one of New Mexico's political subdivisions, the interest  
15 from which is excluded from income for federal income tax  
16 purposes under Section 103 of the Internal Revenue Code, as  
17 that section may be amended or renumbered;

18 X. "taxable income" means a taxpayer's apportioned  
19 net income minus the net operating loss deduction for the  
20 taxable year;

21 Y. "taxable year" means the calendar year or  
22 fiscal year upon the basis of which the net income is  
23 computed under the Corporate Income and Franchise Tax Act and  
24 includes, in the case of the return made for a fractional  
25 part of a year under the provisions of that act, the period

1 for which the return is made;

2 Z. "taxpayer" means any corporation or group of  
3 corporations filing a return pursuant to Section 7-2A-8.3  
4 NMSA 1978 subject to the taxes imposed by the Corporate  
5 Income and Franchise Tax Act;

6 AA. "unitary group" means a group of two or more  
7 corporations, including a captive real estate investment  
8 trust, but not including an S corporation, an insurance  
9 company subject to the provisions of the New Mexico Insurance  
10 Code, an insurance company that would be subject to the New  
11 Mexico Insurance Code if the insurance company engaged in  
12 business in this state or a real estate investment trust that  
13 is not a captive real estate investment trust, that are:

14 (1) related through common ownership; and

15 (2) economically interdependent with one  
16 another as demonstrated by the following factors:

17 (a) centralized management;

18 (b) functional integration; and

19 (c) economies of scale;

20 BB. "water's-edge group" means all corporations  
21 that are part of a unitary group, except:

22 (1) corporations that are exempt from  
23 corporate income tax pursuant to Section 7-2A-4 NMSA 1978;  
24 and

25 (2) corporations wherever organized or

1 incorporated that have less than twenty percent of their  
2 property, payroll and sales sourced to locations within the  
3 United States, following the sourcing rules of the Uniform  
4 Division of Income for Tax Purposes Act; and

5 CC. "worldwide combined group" means all members  
6 of a unitary group, except members that are exempt from  
7 corporate income tax pursuant to Section 7-2A-4 NMSA 1978,  
8 irrespective of the country in which the corporations are  
9 incorporated or conduct business activity."

10 SECTION 53. Section 7-9-73.2 NMSA 1978 (being Laws  
11 1998, Chapter 95, Section 2 and Laws 1998, Chapter 99,  
12 Section 4, as amended) is amended to read:

13 "7-9-73.2. DEDUCTION--GROSS RECEIPTS TAX AND  
14 GOVERNMENTAL GROSS RECEIPTS TAX--PRESCRIPTION DRUGS--  
15 OXYGEN--CANNABIS.--

16 A. Receipts from the sale of prescription drugs  
17 and oxygen and oxygen services provided by a licensed  
18 medicare durable medical equipment provider and cannabis  
19 products that are sold in accordance with the Lynn and Erin  
20 Compassionate Use Act may be deducted from gross receipts and  
21 governmental gross receipts.

22 B. For the purposes of this section, "prescription  
23 drugs" means insulin and substances that are:

24 (1) dispensed by or under the supervision of  
25 a licensed pharmacist or by a physician or other person

1 authorized under state law to do so;

2 (2) prescribed for a specified person by a  
3 person authorized under state law to prescribe the substance;  
4 and

5 (3) subject to the restrictions on sale  
6 contained in Subparagraph 1 of Subsection (b) of 21 USCA  
7 353."

8 SECTION 54. Section 9-11-12.1 NMSA 1978 (being Laws  
9 1997, Chapter 64, Section 1, as amended) is amended to read:

10 "9-11-12.1. TRIBAL COOPERATIVE AGREEMENTS.--

11 A. The secretary may enter into cooperative  
12 agreements with the Pueblos of Acoma, Cochiti, Jemez, Isleta,  
13 Laguna, Nambe, Picuris, Pojoaque, Sandia, San Felipe, San  
14 Ildefonso, San Juan, Santa Ana, Santa Clara, Santo Domingo,  
15 Taos, Tesuque, Zia and Zuni; the Jicarilla Apache Nation; the  
16 Mescalero Apache Tribe; and the nineteen pueblos acting  
17 collectively for the exchange of information and the  
18 reciprocal, joint or common enforcement, administration,  
19 collection, remittance and audit of gross receipts tax and  
20 cannabis excise tax revenues of the party jurisdictions.

21 B. Money collected by the department on behalf of  
22 a tribe in accordance with an agreement entered into pursuant  
23 to this section is not money of this state and shall be  
24 collected and disbursed in accordance with the terms of the  
25 agreement, notwithstanding any other provision of law.

1           C. The secretary is empowered to promulgate such  
2 rules and to establish such procedures as the secretary deems  
3 appropriate for the collection and disbursement of funds due  
4 a tribe and for the receipt of money collected by a tribe for  
5 the account of this state under the terms of a cooperative  
6 agreement entered into under the authority of this section,  
7 including procedures for identification of taxpayers or  
8 transactions that are subject only to the taxing authority of  
9 the tribe, taxpayers or transactions that are subject only to  
10 the taxing authority of this state and taxpayers or  
11 transactions that are subject to the taxing authority of both  
12 party jurisdictions.

13           D. Nothing in an agreement entered into pursuant  
14 to this section shall be construed as authorizing this state  
15 or a tribe to tax a person or transaction that federal law  
16 prohibits that government from taxing, authorizing a state or  
17 tribal court to assert jurisdiction over a person who is not  
18 otherwise subject to that court's jurisdiction or affecting  
19 any issue of the respective civil or criminal jurisdictions  
20 of this state or the tribe. Nothing in an agreement entered  
21 into pursuant to this section shall be construed as an  
22 assertion or an admission by either this state or a tribe  
23 that the taxes of one have precedence over the taxes of the  
24 other when a person or transaction is subject to the taxing  
25 authority of both governments. An agreement entered into

1 pursuant to this section shall be construed solely as an  
2 agreement between the two party governments and shall not  
3 alter or affect the government-to-government relations  
4 between this state and any other tribe.

5 E. As used in this section:

6 (1) "tribal" means of or pertaining to a  
7 tribe; and

8 (2) "tribe" means an Indian nation, tribe or  
9 pueblo located entirely in New Mexico."

10 SECTION 55. Section 9-16-4 NMSA 1978 (being Laws 1983,  
11 Chapter 297, Section 20, as amended) is amended to read:

12 "9-16-4. DEPARTMENT ESTABLISHED.--The "regulation and  
13 licensing department" is created in the executive branch.  
14 The department shall not be a cabinet department. The  
15 department shall consist of but not be limited to the  
16 following divisions:

17 A. the administrative services division;

18 B. the construction industries division;

19 C. the financial institutions division;

20 D. the securities division;

21 E. the manufactured housing division;

22 F. the alcoholic beverage control division; and

23 G. the cannabis control division."

24 SECTION 56. Section 9-16-6 NMSA 1978 (being Laws 1983,  
25 Chapter 297, Section 22, as amended) is amended to read:



1 "9-16-6. SUPERINTENDENT--DUTIES AND GENERAL POWERS.--

2 A. The superintendent is responsible to the  
3 governor for the operation of the department. It is the  
4 superintendent's duty to manage all operations of the  
5 department and to administer and enforce the laws with which  
6 the superintendent, the department or a division of the  
7 department is charged.

8 B. To perform the superintendent's duties, the  
9 superintendent has every power expressly enumerated in the  
10 laws, whether granted to the superintendent or the department  
11 or any division of the department, except where authority  
12 conferred upon any division is explicitly exempted from the  
13 superintendent's authority by statute. In accordance with  
14 these provisions, the superintendent shall:

15 (1) except as otherwise provided in the  
16 Regulation and Licensing Department Act, exercise general  
17 supervisory and appointing authority over all department  
18 employees, subject to any applicable personnel laws and  
19 regulations;

20 (2) delegate authority to subordinates as  
21 the superintendent deems necessary and appropriate, clearly  
22 delineating such delegated authority and the limitations  
23 thereto;

24 (3) organize the department into those  
25 organizational units the superintendent deems will enable it

1 to function most efficiently, subject to any provisions of  
2 law requiring or establishing specific organizational units;

3 (4) within the limitations of available  
4 appropriations and applicable laws, employ and fix the  
5 compensation of those persons necessary to discharge the  
6 superintendent's duties;

7 (5) take administrative action by issuing  
8 orders and instructions, not inconsistent with the law, to  
9 assure implementation of and compliance with the provisions  
10 of law for whose administration or execution the  
11 superintendent is responsible and to enforce those orders and  
12 instructions by appropriate administrative action or actions  
13 in the courts;

14 (6) conduct research and studies that will  
15 improve the operations of the department and the provision of  
16 services to the residents of the state;

17 (7) provide courses of instruction and  
18 practical training for employees of the department and other  
19 persons involved in the administration of programs, with the  
20 objective of improving the operations and efficiency of  
21 administration;

22 (8) prepare an annual budget of the  
23 department;

24 (9) provide administratively attached  
25 agencies assistance as necessary to:

1 (a) minimize or eliminate duplication  
2 of services and jurisdictional conflicts;

3 (b) coordinate activities and resolve  
4 problems of mutual concern; and

5 (c) provide implementation of licensure  
6 processes, budgeting, recordkeeping, procurement,  
7 contracting, hiring and supervision of staff and related  
8 administrative and clerical assistance for administratively  
9 attached agencies; and

10 (10) appoint, with the governor's consent, a  
11 "director" for each division. These appointed positions are  
12 exempt from the provisions of the Personnel Act. Persons  
13 appointed to these positions shall serve at the pleasure of  
14 the superintendent.

15 C. The superintendent may apply for and receive,  
16 with the governor's approval, in the name of the department  
17 any public or private funds, including United States  
18 government funds, available to the department to carry out  
19 its programs, duties or services.

20 D. The superintendent may make and adopt such  
21 reasonable and procedural rules as may be necessary to carry  
22 out the duties of the department and its divisions; provided  
23 that where a licensing entity requires submission of  
24 fingerprints as part of the initial license application, and  
25 a licensee has provided fingerprints and the license has been

1 issued, the licensing entity shall not require a licensee to  
2 submit fingerprints again to renew the license, but a  
3 licensee shall submit to a background investigation if  
4 required; and provided further that the prohibition against  
5 requiring additional fingerprints shall not apply to the  
6 financial institutions division of the department when  
7 utilizing the nationwide multistate licensing system and  
8 registry.

9 E. No rule promulgated by the director of any  
10 division in carrying out the functions and duties of the  
11 department or a division shall be effective until approved by  
12 the superintendent, unless otherwise provided by statute.  
13 Unless otherwise provided by statute, all rules adopted,  
14 amended or repealed by the superintendent or the director of  
15 any division shall have notice provided and be conducted and  
16 filed in accordance with the State Rules Act."

17 SECTION 57. Section 24-16-12 NMSA 1978 (being Laws  
18 2007, Chapter 20, Section 4, as amended) is amended to read:

19 "24-16-12. SMOKING-PERMITTED AREAS.--Notwithstanding  
20 any other provision of the Dee Johnson Clean Indoor Air Act,  
21 smoking-permitted areas include the following:

22 A. a private residence, unless it is used  
23 commercially to provide child care, adult care or health care  
24 or any combination of those activities;

25 B. a retail tobacco store; provided that, for a

1 retail tobacco store established on or after the effective  
2 date of this 2019 act, the store shall be located in a  
3 standalone building;

4 C. a cigar bar; provided that, for a cigar bar  
5 established on or after June 14, 2019, the bar shall be  
6 located in a standalone building;

7 D. the facilities of a tobacco manufacturing  
8 company licensed by the United States to manufacture tobacco  
9 products that are operated by the company in its own name and  
10 that are used exclusively by the company in its business of  
11 manufacturing, marketing or distributing its tobacco  
12 products; provided that secondhand smoke does not infiltrate  
13 other indoor workplaces or other indoor public places where  
14 smoking is otherwise prohibited under the Dee Johnson Clean  
15 Indoor Air Act;

16 E. a state-licensed gaming facility, casino or  
17 bingo parlor;

18 F. designated outdoor smoking areas;

19 G. private clubs;

20 H. hotel and motel rooms that are rented to guests  
21 and are designated as smoking-permitted rooms; provided that  
22 not more than ten percent of rooms rented to guests in a  
23 hotel or motel may be so designated;

24 I. a site that is being used in connection with  
25 the practice of cultural or ceremonial activities by Native

1 Americans and that is in accordance with the federal American  
2 Indian Religious Freedom Act, 42 U.S.C. 1996 and 1996a;

3 J. a theatrical stage or a motion picture or  
4 television production set when it is necessary for performers  
5 to smoke as part of the production; and

6 K. an indoor or outdoor cannabis consumption area  
7 pursuant to the Cannabis Regulation Act."

8 SECTION 58. Section 26-2B-3 NMSA 1978 (being Laws 2007,  
9 Chapter 210, Section 3, as amended) is amended to read:

10 "26-2B-3. DEFINITIONS.--As used in the Lynn and Erin  
11 Compassionate Use Act:

12 A. "adequate supply" means an amount of cannabis,  
13 in any form approved by the department, possessed by a  
14 qualified patient or collectively possessed by a qualified  
15 patient and the qualified patient's primary caregiver that is  
16 determined by rule of the department to be no more than  
17 reasonably necessary to ensure the uninterrupted availability  
18 of cannabis for a period of three months and that is derived  
19 solely from an intrastate source;

20 B. "cannabis":

21 (1) means all parts of the plant Cannabis  
22 containing a delta-9-tetrahydrocannabinol concentration of  
23 more than three-tenths percent on a dry weight basis, whether  
24 growing or not; the seeds of the plant; the resin extracted  
25 from any part of the plant; and every compound, manufacture,

1 salt, derivative, mixture or preparation of the plant, its  
2 seeds or its resin; and

3 (2) does not include the mature stalks of  
4 the plant; fiber produced from the stalks; oil or cake made  
5 from the seeds of the plant; any other compound, manufacture,  
6 salt, derivative, mixture or preparation of the mature  
7 stalks, fiber, oil or cake; the sterilized seed of the plant  
8 that is incapable of germination; the weight of any other  
9 ingredient combined with cannabis to prepare topical or oral  
10 administrations, food, drink or another product; or hemp;

11 C. "cannabis extract":

12 (1) means a product obtained by separating  
13 resins from cannabis by solvent extraction using solvents  
14 other than vegetable glycerin, such as butane, hexane,  
15 isopropyl alcohol, ethanol or carbon dioxide; and

16 (2) does not include the weight of any other  
17 ingredient combined with cannabis extract to prepare topical  
18 or oral administrations, food, drink or another product;

19 D. "cannabis flowers" means only the flowers of a  
20 cannabis plant;

21 E. "cannabis product":

22 (1) means a product that contains cannabis,  
23 including edible or topical products that may also contain  
24 other ingredients; and

25 (2) does not include the weight of any other

1 ingredient combined with cannabis or cannabis extract to  
2 prepare topical or oral administrations, food, drink or  
3 another product;

4 F. "debilitating medical condition" means:

- 5 (1) cancer;
- 6 (2) glaucoma;
- 7 (3) multiple sclerosis;
- 8 (4) damage to the nervous tissue of the  
9 spinal cord, with objective neurological indication of  
10 intractable spasticity;
- 11 (5) seizure disorder, including epilepsy;
- 12 (6) positive status for human  
13 immunodeficiency virus or acquired immune deficiency  
14 syndrome;
- 15 (7) admitted into hospice care in accordance  
16 with rules promulgated by the department;
- 17 (8) amyotrophic lateral sclerosis;
- 18 (9) Crohn's disease;
- 19 (10) hepatitis C infection;
- 20 (11) Huntington's disease;
- 21 (12) inclusion body myositis;
- 22 (13) inflammatory autoimmune-mediated  
23 arthritis;
- 24 (14) intractable nausea or vomiting;
- 25 (15) obstructive sleep apnea;



1 (16) painful peripheral neuropathy;  
2 (17) Parkinson's disease;  
3 (18) posttraumatic stress disorder;  
4 (19) severe chronic pain;  
5 (20) severe anorexia or cachexia;  
6 (21) spasmodic torticollis;  
7 (22) ulcerative colitis; or  
8 (23) any other medical condition, medical  
9 treatment or disease as approved by the department;

10 G. "department" means the department of health;

11 H. "division" means the cannabis control division  
12 of the regulation and licensing department;

13 I. "dry weight basis" means a process by which  
14 delta-9-tetrahydrocannabinol concentration is measured  
15 relative to the aggregate weight of all parts of the plant  
16 genus Cannabis, whether growing or not, including the leaves  
17 of the plant, the flowers and buds of the plant, the seeds of  
18 the plant, the resin of the plant and the stalks of the  
19 plant, at the point of harvest and with no moisture added to  
20 the harvested plant;

21 J. "hemp" means the plant genus Cannabis and any  
22 part of the plant, whether growing or not, containing a  
23 delta-9-tetrahydrocannabinol concentration of no more than  
24 three-tenths percent on a dry weight basis;

25 K. "medical cannabis program" means the program

1 established pursuant to the Lynn and Erin Compassionate Use  
2 Act for authorization and regulation of the medical use of  
3 cannabis in the state;

4 L. "practitioner" means a person licensed in New  
5 Mexico to prescribe and administer drugs that are subject to  
6 the Controlled Substances Act;

7 M. "primary caregiver" means a resident of New  
8 Mexico who is at least eighteen years of age and who has been  
9 designated by the patient's practitioner as being necessary  
10 to take responsibility for managing the well-being of a  
11 qualified patient with respect to the medical use of cannabis  
12 pursuant to the provisions of the Lynn and Erin Compassionate  
13 Use Act;

14 N. "qualified patient" means a resident of New  
15 Mexico who has been diagnosed by a practitioner as having a  
16 debilitating medical condition and has received written  
17 certification and a registry identification card pursuant to  
18 the Lynn and Erin Compassionate Use Act on the basis of  
19 having been diagnosed, in person or via telemedicine, by a  
20 practitioner as having a debilitating medical condition;

21 O. "reciprocal participant" means a person who is  
22 not a resident of New Mexico and who holds proof of  
23 enrollment by a governmental regulatory authority to  
24 participate in the medical cannabis program of another state  
25 of the United States, the District of Columbia or a territory

1 or commonwealth of the United States in which the person  
2 resides or a person who holds proof of enrollment by a  
3 governmental regulatory authority of a New Mexico Indian  
4 nation, tribe or pueblo to participate in its medical  
5 cannabis program;

6 P. "registry identification card" means a document  
7 that the department issues:

8 (1) to a qualified patient that identifies  
9 the bearer as a qualified patient and authorizes the  
10 qualified patient to use cannabis for a debilitating medical  
11 condition; or

12 (2) to a primary caregiver that identifies  
13 the bearer as a primary caregiver authorized to engage in the  
14 intrastate possession and administration of cannabis for the  
15 sole use of a qualified patient who is identified on the  
16 document;

17 Q. "safety-sensitive position" means a position in  
18 which performance by a person under the influence of drugs or  
19 alcohol would constitute an immediate or direct threat of  
20 injury or death to that person or another;

21 R. "telemedicine" means the use of  
22 telecommunications and information technology to provide  
23 clinical health care from a site apart from the site where  
24 the patient is located, in real time or asynchronously,  
25 including the use of interactive simultaneous audio and video

1 or store-and-forward technology, or off-site patient  
2 monitoring and telecommunications in order to deliver health  
3 care services;

4 S. "THC" means delta-9-tetrahydrocannabinol, a  
5 substance that is the primary psychoactive ingredient in  
6 cannabis; and

7 T. "written certification" means a statement made  
8 on a department-approved form and signed by a patient's  
9 practitioner that indicates, in the practitioner's  
10 professional opinion, that the patient has a debilitating  
11 medical condition and the practitioner believes that the  
12 potential health benefits of the medical use of cannabis  
13 would likely outweigh the health risks for the patient."

14 SECTION 59. Section 26-2B-4 NMSA 1978 (being Laws 2007,  
15 Chapter 210, Section 4, as amended) is amended to read:

16 "26-2B-4. EXEMPTION FROM CRIMINAL AND CIVIL PENALTIES  
17 FOR THE MEDICAL USE OF CANNABIS.--

18 A. A qualified patient or a qualified patient's  
19 primary caregiver shall not be subject to arrest, prosecution  
20 or penalty in any manner for the possession of or the medical  
21 use of cannabis if the quantity of cannabis does not exceed  
22 an adequate supply; provided that a qualified patient or the  
23 qualified patient's primary caregiver may possess that  
24 qualified patient's harvest of cannabis.

25 B. A reciprocal participant shall not be subject

1 to arrest, prosecution or penalty in any manner for the  
2 possession of or the medical use of cannabis if the quantity  
3 of cannabis does not exceed the limit identified by  
4 department rule.

5 C. The following conduct is lawful and shall not  
6 constitute grounds for detention, search or arrest of a  
7 person or for a violation of probation or parole, and  
8 cannabis products that relate to the conduct are not  
9 contraband or subject to seizure or forfeiture pursuant to  
10 the Controlled Substances Act or the Forfeiture Act:

11 (1) a qualified patient or primary caregiver  
12 possessing or transporting not more than an adequate supply  
13 or a reciprocal participant possessing or transporting not  
14 more than the limit identified by department rule;

15 (2) a qualified patient or primary caregiver  
16 purchasing or obtaining not more than an adequate supply from  
17 a lawful source or a reciprocal participant purchasing or  
18 obtaining not more than the limit identified by department  
19 rule;

20 (3) a qualified patient or reciprocal  
21 participant using or being under the influence of cannabis;  
22 provided that the qualified patient or reciprocal participant  
23 is acting consistent with law; or

24 (4) a qualified patient, primary caregiver  
25 or reciprocal participant transferring, without financial

1 consideration, to a qualified patient, primary caregiver or  
2 reciprocal participant not more than two ounces of cannabis,  
3 sixteen grams of cannabis extract and eight hundred  
4 milligrams of edible cannabis.

5 D. Subsection A of this section shall not apply to  
6 a qualified patient under the age of eighteen years, unless:

7 (1) the qualified patient's practitioner has  
8 explained the potential risks and benefits of the medical use  
9 of cannabis to the qualified patient and to a parent,  
10 guardian or other person having legal custody of the  
11 qualified patient; and

12 (2) a parent, guardian or other person  
13 having legal custody consents in writing to:

14 (a) allow the qualified patient's  
15 medical use of cannabis;

16 (b) serve as the qualified patient's  
17 primary caregiver; and

18 (c) control the dosage and the  
19 frequency of the medical use of cannabis by the qualified  
20 patient.

21 E. A qualified patient or a primary caregiver  
22 shall be granted the full legal protections provided in this  
23 section if the qualified patient or primary caregiver is in  
24 possession of a registry identification card. If the  
25 qualified patient or primary caregiver is not in possession

1 of a registry identification card, the qualified patient or  
2 primary caregiver shall be given an opportunity to produce  
3 the registry identification card before any arrest or  
4 criminal charges or other penalties are initiated.

5 F. A practitioner shall not be subject to arrest  
6 or prosecution, penalized in any manner or denied any right  
7 or privilege for recommending the medical use of cannabis or  
8 providing written certification for the medical use of  
9 cannabis pursuant to the Lynn and Erin Compassionate Use Act.

10 G. Any property interest that is possessed, owned  
11 or used in connection with the medical use of cannabis, or  
12 acts incidental to such use, shall not be harmed, neglected,  
13 injured or destroyed while in the possession of state or  
14 local law enforcement officials. Such property interest  
15 shall not be forfeited under any state or local law providing  
16 for the forfeiture of property except as provided in the  
17 Forfeiture Act. Cannabis, paraphernalia or other property  
18 seized from a qualified patient, primary caregiver or  
19 reciprocal participant in connection with the claimed medical  
20 use of cannabis shall be returned immediately upon the  
21 determination by a court or prosecutor that the qualified  
22 patient, primary caregiver or reciprocal participant is  
23 entitled to the protections of the provisions of the Lynn and  
24 Erin Compassionate Use Act, as may be evidenced by a failure  
25 to actively investigate the case, a decision not to

1 prosecute, the dismissal of charges or acquittal.

2 H. A person shall not be subject to arrest or  
3 prosecution for a cannabis-related offense for simply being  
4 in the presence of the medical use of cannabis as allowed  
5 under the provisions of the Lynn and Erin Compassionate Use  
6 Act."

7 SECTION 60. Section 26-2B-5 NMSA 1978 (being Laws 2007,  
8 Chapter 210, Section 5, as amended by Laws 2019, Chapter 247,  
9 Section 5 and by Laws 2019, Chapter 261, Section 2) is  
10 amended to read:

11 "26-2B-5. PROHIBITIONS, RESTRICTIONS AND LIMITATIONS ON  
12 THE MEDICAL USE OF CANNABIS--CRIMINAL PENALTIES.--

13 A. Participation in a medical use of cannabis  
14 program by a qualified patient, primary caregiver or  
15 reciprocal participant does not relieve the qualified  
16 patient, primary caregiver or reciprocal participant from:

17 (1) criminal prosecution or civil penalties  
18 for activities not authorized in the Lynn and Erin  
19 Compassionate Use Act;

20 (2) liability for damages or criminal  
21 prosecution arising out of the operation of a vehicle while  
22 under the influence of cannabis; or

23 (3) criminal prosecution or civil penalty  
24 for possession or use of cannabis:

25 (a) in the workplace of the qualified



1 patient's, primary caregiver's or reciprocal participant's  
2 employment; or

3 (b) at a public park, recreation  
4 center, youth center or other public place.

5 B. A person who makes a fraudulent representation  
6 to a law enforcement officer about the person's participation  
7 in a medical use of cannabis program to avoid arrest or  
8 prosecution for a cannabis-related offense is guilty of a  
9 petty misdemeanor and shall be sentenced in accordance with  
10 the provisions of Section 31-19-1 NMSA 1978."

11 **SECTION 61.** Section 26-2B-6.1 NMSA 1978 (being Laws  
12 2019, Chapter 247, Section 8) is amended to read:

13 "26-2B-6.1. ASSESSMENT REPORTING.--In consultation with  
14 qualified patients and primary caregivers, the department  
15 shall produce an assessment report annually, which shall be  
16 published to the public and that includes at a minimum an  
17 evaluation of:

18 A. the affordability of and accessibility to  
19 medical cannabis pursuant to the Lynn and Erin Compassionate  
20 Use Act; and

21 B. the needs of qualified patients who live in  
22 rural areas, federal subsidized housing or New Mexico Indian  
23 nations, tribes or pueblos."

24 **SECTION 62.** Section 26-2B-7 NMSA 1978 (being Laws 2007,  
25 Chapter 210, Section 7, as amended) is amended to read:

1           "26-2B-7. REGISTRY IDENTIFICATION CARDS--DEPARTMENT  
2 RULES--DUTIES--RECIPROCITY.--

3           A. After consultation with the advisory board, the  
4 department shall promulgate rules in accordance with the  
5 State Rules Act to implement the purpose of the Lynn and Erin  
6 Compassionate Use Act. The rules shall:

7                   (1) govern the manner in which the  
8 department will consider applications for registry  
9 identification cards and for the renewal of identification  
10 cards for qualified patients and primary caregivers;

11                   (2) define the amount of cannabis that is  
12 necessary to constitute an adequate supply, including amounts  
13 for topical treatments;

14                   (3) identify criteria and set forth  
15 procedures for including additional medical conditions,  
16 medical treatments or diseases to the list of debilitating  
17 medical conditions that qualify for the medical use of  
18 cannabis. Procedures shall include a petition process and  
19 shall allow for public comment and public hearings before the  
20 advisory board;

21                   (4) set forth additional medical conditions,  
22 medical treatments or diseases to the list of debilitating  
23 medical conditions that qualify for the medical use of  
24 cannabis as recommended by the advisory board;

25                   (5) determine additional duties and

1 responsibilities of the advisory board; and

2 (6) be revised and updated as necessary.

3 B. The department shall issue registry  
4 identification cards to a patient and to the primary  
5 caregiver for that patient, if any, who submit the following,  
6 in accordance with the department's rules:

7 (1) a written certification;

8 (2) the name, address and date of birth of  
9 the patient;

10 (3) the name, address and telephone number  
11 of the patient's practitioner; and

12 (4) the name, address and date of birth of  
13 the patient's primary caregiver, if any.

14 C. The department shall verify the information  
15 contained in an application submitted pursuant to Subsection  
16 B of this section and shall approve or deny an application  
17 within thirty days of receipt. The department may deny an  
18 application only if the applicant did not provide the  
19 information required pursuant to Subsection B of this section  
20 or if the department determines that the information provided  
21 is false. A person whose application has been denied shall  
22 not reapply for six months from the date of the denial unless  
23 otherwise authorized by the department.

24 D. The department shall issue a registry  
25 identification card within five days of approving an

1 application, and a card shall expire three years after the  
2 date of issuance.

3 E. A registry identification card shall contain:

4 (1) the name and date of birth of the  
5 qualified patient and primary caregiver, if any;

6 (2) the date of issuance and expiration date  
7 of the registry identification card; and

8 (3) other information that the department  
9 may require by rule.

10 F. A person who possesses a registry  
11 identification card shall notify the department of any change  
12 in the person's name, qualified patient's practitioner,  
13 qualified patient's primary caregiver or change in status of  
14 the qualified patient's debilitating medical condition within  
15 ten days of the change.

16 G. Possession of or application for a registry  
17 identification card shall not constitute probable cause or  
18 give rise to reasonable suspicion for a governmental agency  
19 to search the person or property of the person possessing or  
20 applying for the card.

21 H. The department shall maintain a confidential  
22 file containing the names and addresses of the persons who  
23 have either applied for or received a registry identification  
24 card. Individual names on the list shall be confidential and  
25 not subject to disclosure, except:

1 (1) to authorized employees or agents of the  
2 department as necessary to perform the duties of the  
3 department pursuant to the provisions of the Lynn and Erin  
4 Compassionate Use Act;

5 (2) to authorized employees of state or  
6 local law enforcement agencies, but only for the purpose of  
7 verifying that a person is lawfully in possession of a  
8 registry identification card;

9 (3) to the division; or

10 (4) as provided in the federal Health  
11 Insurance Portability and Accountability Act of 1996.

12 I. By March 1, 2020, the secretary of health shall  
13 adopt and promulgate rules relating to medical cannabis  
14 program reciprocity. The department may identify  
15 requirements for the granting of reciprocity, including  
16 provisions limiting the period of time in which a reciprocal  
17 participant may participate in the medical cannabis program.

18 J. A reciprocal participant:

19 (1) may participate in the medical cannabis  
20 program in accordance with department rules;

21 (2) shall not be required to comply with the  
22 registry identification card application and renewal  
23 requirements established pursuant to this section and  
24 department rules;

25 (3) shall at all times possess proof of

1 authorization to participate in the medical cannabis program  
2 of another state, the District of Columbia, a territory or  
3 commonwealth of the United States or a New Mexico Indian  
4 nation, tribe or pueblo and shall present proof of that  
5 authorization when purchasing cannabis from a person licensed  
6 pursuant to the Cannabis Regulation Act; and

7 (4) shall register with a person licensed  
8 pursuant to the Cannabis Regulation Act for the purpose of  
9 tracking sales to the reciprocal participant in an electronic  
10 system that is accessible to the department."

11 SECTION 63. Section 30-31-2 NMSA 1978 (being Laws 1972,  
12 Chapter 84, Section 2, as amended) is amended to read:

13 "30-31-2. DEFINITIONS.--As used in the Controlled  
14 Substances Act:

15 A. "administer" means the direct application of a  
16 controlled substance by any means to the body of a patient or  
17 research subject by a practitioner or the practitioner's  
18 agent;

19 B. "agent" includes an authorized person who acts  
20 on behalf of a manufacturer, distributor or dispenser. It  
21 does not include a common or contract carrier, public  
22 warehouseperson or employee of the carrier or  
23 warehouseperson;

24 C. "board" means the board of pharmacy;

25 D. "bureau" means the narcotic and dangerous drug

1 section of the criminal division of the United States  
2 department of justice, or its successor agency;

3 E. "controlled substance" means a drug or  
4 substance listed in Schedules I through V of the Controlled  
5 Substances Act or rules adopted thereto;

6 F. "counterfeit substance" means a controlled  
7 substance that bears the unauthorized trademark, trade name,  
8 imprint, number, device or other identifying mark or likeness  
9 of a manufacturer, distributor or dispenser other than the  
10 person who in fact manufactured, distributed or dispensed the  
11 controlled substance;

12 G. "deliver" means the actual, constructive or  
13 attempted transfer from one person to another of a controlled  
14 substance or controlled substance analog, whether or not  
15 there is an agency relationship;

16 H. "dispense" means to deliver a controlled  
17 substance to an ultimate user or research subject pursuant to  
18 the lawful order of a practitioner, including the  
19 administering, prescribing, packaging, labeling or  
20 compounding necessary to prepare the controlled substance for  
21 that delivery;

22 I. "dispenser" means a practitioner who dispenses  
23 and includes hospitals, pharmacies and clinics where  
24 controlled substances are dispensed;

25 J. "distribute" means to deliver other than by

1 administering or dispensing a controlled substance or  
2 controlled substance analog;

3 K. "drug" or "substance" means substances  
4 recognized as drugs in the official United States  
5 pharmacopoeia, official homeopathic pharmacopoeia of the  
6 United States or official national formulary or any  
7 respective supplement to those publications. It does not  
8 include devices or their components, parts or accessories;

9 L. "manufacture" means the production,  
10 preparation, compounding, conversion or processing of a  
11 controlled substance or controlled substance analog by  
12 extraction from substances of natural origin or independently  
13 by means of chemical synthesis or by a combination of  
14 extraction and chemical synthesis and includes any packaging  
15 or repackaging of the substance or labeling or relabeling of  
16 its container, except that this term does not include the  
17 preparation or compounding of a controlled substance:

18 (1) by a practitioner as an incident to  
19 administering or dispensing a controlled substance in the  
20 course of the practitioner's professional practice; or

21 (2) by a practitioner, or by the  
22 practitioner's agent under the practitioner's supervision,  
23 for the purpose of or as an incident to research, teaching or  
24 chemical analysis and not for sale;

25 M. "narcotic drug" means any of the following,



whether produced directly or indirectly by extraction from substances of vegetable origin or independently by means of chemical synthesis or by a combination of extraction and chemical synthesis:

(1) opium and opiate and any salt, compound, derivative or preparation of opium or opiate;

(2) any salt, compound, isomer, derivative or preparation that is a chemical equivalent of any of the substances referred to in Paragraph (1) of this subsection, except the isoquinoline alkaloids of opium;

(3) opium poppy and poppy straw, including all parts of the plant of the species *Papaver somniferum* L. except its seeds; or

(4) coca leaves and any salt, compound, derivative or preparation of coca leaves, any salt, compound, isomer, derivative or preparation that is a chemical equivalent of any of these substances except decocainized coca leaves or extractions of coca leaves that do not contain cocaine or ecgonine;

N. "opiate" means any substance having an addiction-forming or addiction-sustaining liability similar to morphine or being capable of conversion into a drug having addiction-forming or addiction-sustaining liability.

"Opiate" does not include, unless specifically designated as controlled under Section 30-31-5 NMSA 1978, the

1 dextrorotatory isomer of 3-methoxy-n-methylmorphinan and its  
2 salts, dextromethorphan. "Opiate" does include its racemic  
3 and levorotatory forms;

4 O. "person" means an individual, partnership,  
5 corporation, association, institution, political subdivision,  
6 government agency or other legal entity;

7 P. "practitioner" means a physician, certified  
8 advanced practice chiropractic physician, doctor of oriental  
9 medicine, dentist, physician assistant, certified nurse  
10 practitioner, clinical nurse specialist, certified nurse-  
11 midwife, prescribing psychologist, veterinarian, euthanasia  
12 technician, pharmacist, pharmacist clinician or other person  
13 licensed or certified to prescribe and administer drugs that  
14 are subject to the Controlled Substances Act;

15 Q. "prescription" means an order given  
16 individually for the person for whom is prescribed a  
17 controlled substance, either directly from a licensed  
18 practitioner or the practitioner's agent to the pharmacist,  
19 including by means of electronic transmission, or indirectly  
20 by means of a written order signed by the prescriber, bearing  
21 the name and address of the prescriber, the prescriber's  
22 license classification, the name and address of the patient,  
23 the name and quantity of the drug prescribed, directions for  
24 use and the date of issue and in accordance with the  
25 Controlled Substances Act or rules adopted thereto;

1           R. "scientific investigator" means a person  
2 registered to conduct research with controlled substances in  
3 the course of the person's professional practice or research  
4 and includes analytical laboratories;

5           S. "ultimate user" means a person who lawfully  
6 possesses a controlled substance for the person's own use or  
7 for the use of a member of the person's household or for  
8 administering to an animal under the care, custody and  
9 control of the person or by a member of the person's  
10 household;

11           T. "drug paraphernalia" means, except as to use in  
12 accordance with the Cannabis Regulation Act or the Lynn and  
13 Erin Compassionate Use Act, all equipment, products and  
14 materials of any kind that are used, intended for use or  
15 designed for use in planting, propagating, cultivating,  
16 growing, harvesting, manufacturing, compounding, converting,  
17 producing, processing, preparing, testing, analyzing,  
18 packaging, repackaging, storing, containing, concealing,  
19 injecting, ingesting, inhaling or otherwise introducing into  
20 the human body a controlled substance or controlled substance  
21 analog in violation of the Controlled Substances Act. It  
22 includes:

23                 (1) kits used, intended for use or designed  
24 for use in planting, propagating, cultivating, growing or  
25 harvesting any species of plant that is a controlled

1 substance or controlled substance analog or from which a  
2 controlled substance can be derived;

3 (2) kits used, intended for use or designed  
4 for use in manufacturing, compounding, converting, producing,  
5 processing or preparing controlled substances or controlled  
6 substance analogs;

7 (3) isomerization devices used, intended for  
8 use or designed for use in increasing the potency of any  
9 species of plant that is a controlled substance;

10 (4) testing equipment used, intended for use  
11 or designed for use in identifying or in analyzing the  
12 strength, effectiveness or purity of controlled substances or  
13 controlled substance analogs;

14 (5) scales or balances used, intended for  
15 use or designed for use in weighing or measuring controlled  
16 substances or controlled substance analogs;

17 (6) diluents and adulterants, such as  
18 quinine hydrochloride, mannitol, mannite dextrose and  
19 lactose, used, intended for use or designed for use in  
20 cutting controlled substances or controlled substance  
21 analogs;

22 (7) blenders, bowls, containers, spoons and  
23 mixing devices used, intended for use or designed for use in  
24 compounding controlled substances or controlled substance  
25 analogs;

1 (8) capsules, balloons, envelopes and other  
2 containers used, intended for use or designed for use in  
3 packaging small quantities of controlled substances or  
4 controlled substance analogs;

5 (9) containers and other objects used,  
6 intended for use or designed for use in storing or concealing  
7 controlled substances or controlled substance analogs;

8 (10) hypodermic syringes, needles and other  
9 objects used, intended for use or designed for use in  
10 parenterally injecting controlled substances or controlled  
11 substance analogs into the human body;

12 (11) objects used, intended for use or  
13 designed for use in ingesting, inhaling or otherwise  
14 introducing cocaine into the human body, such as:

15 (a) metal, wooden, acrylic, glass,  
16 stone, plastic or ceramic pipes, with or without screens,  
17 permanent screens, hashish heads or punctured metal bowls;

18 (b) water pipes;

19 (c) carburetion tubes and devices;

20 (d) smoking and carburetion masks;

21 (e) miniature cocaine spoons and  
22 cocaine vials;

23 (f) chamber pipes;

24 (g) carburetor pipes;

25 (h) electric pipes;

1 (i) air-driven pipes;  
2 (j) chilams;  
3 (k) bongs; or  
4 (l) ice pipes or chillers; and  
5 (12) in determining whether an object is  
6 drug paraphernalia, a court or other authority should  
7 consider, in addition to all other logically relevant  
8 factors, the following:  
9 (a) statements by the owner or by  
10 anyone in control of the object concerning its use;  
11 (b) the proximity of the object, in  
12 time and space, to a direct violation of the Controlled  
13 Substances Act or any other law relating to controlled  
14 substances or controlled substance analogs;  
15 (c) the proximity of the object to  
16 controlled substances or controlled substance analogs;  
17 (d) the existence of any residue of a  
18 controlled substance or controlled substance analog on the  
19 object;  
20 (e) instructions, written or oral,  
21 provided with the object concerning its use;  
22 (f) descriptive materials accompanying  
23 the object that explain or depict its use;  
24 (g) the manner in which the object is  
25 displayed for sale; and

1 (h) expert testimony concerning its  
2 use;

3 U. "controlled substance analog" means a substance  
4 other than a controlled substance that has a chemical  
5 structure substantially similar to that of a controlled  
6 substance in Schedule I, II, III, IV or V or that was  
7 specifically designed to produce effects substantially  
8 similar to that of controlled substances in Schedule I, II,  
9 III, IV or V. Examples of chemical classes in which  
10 controlled substance analogs are found:

11 (1) include:

- 12 (a) phenethylamines;
- 13 (b) N-substituted piperidines;
- 14 (c) morphinans;
- 15 (d) ecgonines;
- 16 (e) quinazolinones;
- 17 (f) substituted indoles; and
- 18 (g) arylcycloalkylamines; and

19 (2) do not include those substances that are  
20 generally recognized as safe and effective within the meaning  
21 of the Federal Food, Drug, and Cosmetic Act or have been  
22 manufactured, distributed or possessed in conformance with  
23 the provisions of an approved new drug application or an  
24 exemption for investigational use within the meaning of  
25 Section 505 of the Federal Food, Drug, and Cosmetic Act;

1           V. "human consumption" includes application,  
2 injection, inhalation, ingestion or any other manner of  
3 introduction;

4           W. "drug-free school zone" means a public school,  
5 parochial school or private school or property that is used  
6 for a public, parochial or private school purpose and the  
7 area within one thousand feet of the school property line,  
8 but it does not mean any post-secondary school; and

9           X. "valid practitioner-patient relationship" means  
10 a professional relationship, as defined by the practitioner's  
11 licensing board, between the practitioner and the patient."

12         SECTION 64. Section 30-31-6 NMSA 1978 (being Laws 1972,  
13 Chapter 84, Section 6, as amended) is amended to read:

14         "30-31-6. SCHEDULE I.--The following controlled  
15 substances are included in Schedule I:

16           A. any of the following opiates, including their  
17 isomers, esters, ethers, salts, and salts of isomers, esters  
18 and ethers, unless specifically exempted, whenever the  
19 existence of these isomers, esters, ethers and salts is  
20 possible within the specific chemical designation:

- 21                 (1) acetylmethadol;
- 22                 (2) allylprodine;
- 23                 (3) alphacetylmethadol;
- 24                 (4) alphameprodine;
- 25                 (5) alphasmethadol;



- 1 (6) benzethidine;
- 2 (7) betacetylmethadol;
- 3 (8) betameprodine;
- 4 (9) betamethadol;
- 5 (10) betaprodine;
- 6 (11) clonitazene;
- 7 (12) dextromoramide;
- 8 (13) dextrorphan;
- 9 (14) diampromide;
- 10 (15) diethylthiambutene;
- 11 (16) dimenoxadol;
- 12 (17) dimepheptanol;
- 13 (18) dimethylthiambutene;
- 14 (19) dioxaphetyl butyrate;
- 15 (20) dipipanone;
- 16 (21) ethylmethylthiambutene;
- 17 (22) etonitazene;
- 18 (23) etoxeridine;
- 19 (24) furethidine;
- 20 (25) hydroxypethidine;
- 21 (26) ketobemidone;
- 22 (27) levomoramide;
- 23 (28) levophenacylmorphane;
- 24 (29) morpheridine;
- 25 (30) noracymethadol;

- (31) norlevorphanol;
- (32) normethadone;
- (33) norpipanone;
- (34) phenadoxone;
- (35) phenampromide;
- (36) phenomorphan;
- (37) phenoperidine;
- (38) piritramide;
- (39) proheptazine;
- (40) properidine;
- (41) racemoramide; and
- (42) trimeperidine;

B. any of the following opium derivatives, their salts, isomers and salts of isomers, unless specifically exempted, whenever the existence of these salts, isomers and salts of isomers is possible within the specific chemical designation:

- (1) acetorphine;
- (2) acetyldihydrocodeine;
- (3) benzylmorphine;
- (4) codeine methylbromide;
- (5) codeine-N-oxide;
- (6) cyprenorphine;
- (7) desomorphine;
- (8) dihydromorphine;

- (9) etorphine;
- (10) heroin;
- (11) hydromorphenol;
- (12) methyldesorphine;
- (13) methyldihydromorphine;
- (14) morphine methylbromide;
- (15) morphine methylsulfonate;
- (16) morphine-N-oxide;
- (17) myrophine;
- (18) nicocodeine;
- (19) nicomorphine;
- (20) normorphine;
- (21) pholcodine; and
- (22) thebacon;

C. any material, compound, mixture or preparation that contains any quantity of the following hallucinogenic substances, their salts, isomers and salts of isomers, unless specifically exempted, whenever the existence of these salts, isomers and salts of isomers is possible within the specific chemical designation:

- (1) 3,4-methylenedioxy amphetamine;
- (2) 5-methoxy-3,4-methylenedioxy  
amphetamine;
- (3) 3,4,5-trimethoxy amphetamine;
- (4) bufotenine;

(5) diethyltryptamine;  
(6) dimethyltryptamine;  
(7) 4-methyl-2,5-dimethoxy amphetamine;  
(8) ibogaine;  
(9) lysergic acid diethylamide;  
(10) mescaline;  
(11) peyote, except as otherwise provided in  
the Controlled Substances Act;  
(12) N-ethyl-3-piperidyl benzilate;  
(13) N-methyl-3-piperidyl benzilate;  
(14) psilocybin;  
(15) psilocyn;  
(16) synthetic cannabinoids, including:  
(a) 1-[2-(4-(morpholinyl)ethyl)  
-3-(1-naphthoyl)indole;  
(b) 1-butyl-3-(1-naphthoyl)indole;  
(c) 1-hexyl-3-(1-naphthoyl)indole;  
(d) 1-pentyl-3-(1-naphthoyl)indole;  
(e) 1-pentyl-3-(2-methoxyphenylacetyl)  
indole;  
(f) cannabicyclohexanol (CP 47, 497 and  
homologues: 5-(1,1-dimethylheptyl)-2-[(1R,3S)  
-3-hydroxycyclohexyl]-phenol (CP-47,497); and 5-(1,  
1-dimethyloctyl)-2-[(1R,3S)-3-hydroxycyclohexyl]-phenol;  
(g) 6aR,10aR)-9-(hydroxymethyl)

1 -6,6-dimethyl-3-(2-methyloctan-2-yl)-6a,7,10,  
2 10a-tetrahydrobenzo[c]chromen-1-ol);

3 (h) dexanabinol, (6aS,10aS)  
4 -9-(hydroxymethyl)-6,6-dimethyl-3-(2-methyloctan-2-yl)  
5 -6a,7,10,10a-tetrahydrobenzo[c]chromen-1-ol;

6 (i) 1-pentyl-3-(4-chloro naphthoyl)  
7 indole;

8 (j) (2-methyl-1-propyl-1H-indol-3-yl)  
9 -1-naphthalenyl-methanone; and

10 (k) 5-(1,1-dimethylheptyl)-2-(3-hydroxy  
11 cyclohexyl)-phenol;

12 (17) 3,4-methylenedioxymethcathinone;

13 (18) 3,4-methylenedioxypyrovalerone;

14 (19) 4-methylmethcathinone;

15 (20) 4-methoxymethcathinone;

16 (21) 3-fluoromethcathinone; and

17 (22) 4-fluoromethcathinone;

18 D. the enumeration of peyote as a controlled  
19 substance does not apply to the use of peyote in bona fide  
20 religious ceremonies by a bona fide religious organization,  
21 and members of the organization so using peyote are exempt  
22 from registration. Any person who manufactures peyote for or  
23 distributes peyote to the organization or its members shall  
24 comply with the federal Comprehensive Drug Abuse Prevention  
25 and Control Act of 1970 and all other requirements of law;

1           E. the enumeration of Schedule I controlled  
2 substances does not apply to:

3                 (1) hemp pursuant to rules promulgated by  
4 the board of regents of New Mexico state university on behalf  
5 of the New Mexico department of agriculture;

6                 (2) cultivation of hemp by persons pursuant  
7 to rules promulgated by the board of regents of New Mexico  
8 state university on behalf of the New Mexico department of  
9 agriculture;

10                (3) tetrahydrocannabinols or chemical  
11 derivatives of tetrahydrocannabinols, including  
12 tetrahydrocannabinols or chemical derivatives of  
13 tetrahydrocannabinols with concentrations of up to five  
14 percent as measured using a post-decarboxylation method and  
15 based on percentage dry weight, possessed by a person in  
16 connection with the cultivation, transportation, testing,  
17 researching, manufacturing or other processing of the plant  
18 Cannabis sativa L., or any part of the plant whether growing  
19 or not, if authorized pursuant to rules promulgated, pursuant  
20 to the Hemp Manufacturing Act, by the board of regents of New  
21 Mexico state university on behalf of the New Mexico  
22 department of agriculture or the department of environment;  
23 or

24                (4) tetrahydrocannabinols or chemical  
25 derivatives of tetrahydrocannabinols, including

1 tetrahydrocannabinols or chemical derivatives of  
2 tetrahydrocannabinols in any concentration possessed by a  
3 person in connection with the extraction of  
4 tetrahydrocannabinols or chemical derivatives of  
5 tetrahydrocannabinols, if authorized pursuant to rules  
6 promulgated, pursuant to the Hemp Manufacturing Act, by the  
7 board of regents of New Mexico state university on behalf of  
8 the New Mexico department of agriculture or the department of  
9 environment; and

10 F. controlled substances added to Schedule I by  
11 rule adopted by the board pursuant to Section 30-31-3 NMSA  
12 1978."

13 SECTION 65. Section 30-31-7 NMSA 1978 (being Laws 1972,  
14 Chapter 84, Section 7, as amended) is amended to read:

15 "30-31-7. SCHEDULE II.--

16 A. The following controlled substances are  
17 included in Schedule II:

18 (1) any of the following substances, except  
19 those narcotic drugs listed in other schedules, whether  
20 produced directly or indirectly by extraction from substances  
21 of vegetable origin, or independently by means of chemical  
22 synthesis, or by combination of extraction and chemical  
23 synthesis:

24 (a) opium and opiate, and any salt,  
25 compound, derivative or preparation of opium or opiate;

1 (b) any salt, compound, isomer,  
2 derivative or preparation thereof that is chemically  
3 equivalent or identical with any of the substances referred  
4 to in Subparagraph (a) of this paragraph, but not including  
5 the isoquinoline alkaloids of opium;

6 (c) opium poppy and poppy straw; and

7 (d) coca leaves and any salt, compound,  
8 derivative or preparation of coca leaves, and any salt,  
9 compound, derivative or preparation thereof that is  
10 chemically equivalent or identical with any of these  
11 substances, but not including decocainized coca leaves or  
12 extractions that do not contain cocaine or ecgonine;

13 (2) any of the following opiates, including  
14 their isomers, esters, ethers, salts and salts of isomers,  
15 whenever the existence of these isomers, esters, ethers and  
16 salts is possible within the specific chemical designation:

17 (a) alphaprodine;

18 (b) anileridine;

19 (c) bezitramide;

20 (d) dihydrocodeine;

21 (e) diphenoxylate;

22 (f) fentanyl;

23 (g) hydromorphone;

24 (h) isomethadone;

25 (i) levomethorphan;



(j) levorphanol;  
(k) meperidine;  
(l) metazocine;  
(m) methadone;  
(n) methadone--intermediate,  
4-cyano-2-dimethylamino-4, 4-diphenyl butane;  
(o) moramide--intermediate,  
2-methyl-3-morpholino-1, 1-diphenyl-propane-carboxylic acid;  
(p) oxycodone;  
(q) pethidine;  
(r) pethidine--intermediate--A,  
4-cyano-1-methyl-4-phenylpiperidine;  
(s) pethidine--intermediate--B,  
ethyl-4-phenyl-piperidine-4-carboxylate;  
(t) pethidine--intermediate--C,  
1-methyl-4-phenylpiperidine-4-carboxylic acid;  
(u) phenazocine;  
(v) piminodine;  
(w) racemethorphan; and  
(x) racemorphan;

(3) unless listed in another schedule, any material, compound, mixture or preparation that contains any quantity of the following substances having a potential for abuse associated with a stimulant effect on the central nervous system:

1 (a) amphetamine, its salts, optical  
2 isomers and salts of its optical isomers;  
3 (b) phenmetrazine and its salts;  
4 (c) methamphetamine, its salts, isomers  
5 and salts of isomers; and  
6 (d) methylphenidate; and  
7 (4) controlled substances added to Schedule  
8 II by rule adopted by the board pursuant to Section 30-31-3  
9 NMSA 1978.

10 B. Where methadone is prescribed, administered or  
11 dispensed by a practitioner of a drug abuse rehabilitation  
12 program while acting in the course of the practitioner's  
13 professional practice, or otherwise lawfully obtained or  
14 possessed by a person, such person shall not possess such  
15 methadone beyond the date stamped or typed on the label of  
16 the container of the methadone, nor shall any person possess  
17 methadone except in the container in which it was originally  
18 administered or dispensed to such person, and such container  
19 shall include a label showing the name of the prescribing  
20 physician or practitioner, the identity of methadone, the  
21 name of the ultimate user, the date when the methadone is to  
22 be administered to or used or consumed by the named ultimate  
23 user shown on the label and a warning on the label of the  
24 methadone container that the ultimate user must use, consume  
25 or administer to the ultimate user the methadone in such

1 container. Any person who violates this subsection is guilty  
2 of a felony and shall be punished by imprisonment for not  
3 less than one year nor more than five years, or by a fine of  
4 up to five thousand dollars (\$5,000), or both."

5 **SECTION 66.** Section 30-31-21 NMSA 1978 (being Laws  
6 1972, Chapter 84, Section 21, as amended) is amended to read:

7 "30-31-21. DISTRIBUTION TO A MINOR.--Except as  
8 authorized by the Controlled Substances Act, no person who is  
9 eighteen years of age or older shall intentionally distribute  
10 a controlled substance to a person under the age of eighteen  
11 years. Any person who violates this section with respect to  
12 a controlled substance enumerated in Schedule I, II, III or  
13 IV or a controlled substance analog of any controlled  
14 substance enumerated in Schedule I, II, III or IV is:

15 (1) for the first offense, guilty of a  
16 second degree felony and shall be sentenced pursuant to the  
17 provisions of Section 31-18-15 NMSA 1978; and

18 (2) for the second and subsequent offenses,  
19 guilty of a first degree felony and shall be sentenced  
20 pursuant to the provisions of Section 31-18-15 NMSA 1978."

21 **SECTION 67.** Section 30-31-22 NMSA 1978 (being Laws  
22 1972, Chapter 84, Section 22, as amended) is amended to read:

23 "30-31-22. CONTROLLED OR COUNTERFEIT SUBSTANCES--  
24 DISTRIBUTION PROHIBITED.--

25 A. Except as authorized by the Controlled

1 Substances Act, it is unlawful for a person to intentionally  
2 distribute or possess with intent to distribute a controlled  
3 substance or a controlled substance analog except a substance  
4 enumerated in Schedule I or II that is a narcotic drug, a  
5 controlled substance analog of a controlled substance  
6 enumerated in Schedule I or II that is a narcotic drug or  
7 methamphetamine, its salts, isomers and salts of isomers. A  
8 person who violates this subsection with respect to:

9 (1) synthetic cannabinoids is:

10 (a) for the first offense, guilty of a  
11 fourth degree felony and shall be sentenced pursuant to the  
12 provisions of Section 31-18-15 NMSA 1978;

13 (b) for the second and subsequent  
14 offenses, guilty of a third degree felony and shall be  
15 sentenced pursuant to the provisions of Section 31-18-15 NMSA  
16 1978;

17 (c) for the first offense, if more than  
18 one hundred pounds is possessed with intent to distribute or  
19 distributed or both, guilty of a third degree felony and  
20 shall be sentenced pursuant to the provisions of Section  
21 31-18-15 NMSA 1978; and

22 (d) for the second and subsequent  
23 offenses, if more than one hundred pounds is possessed with  
24 intent to distribute or distributed or both, guilty of a  
25 second degree felony and shall be sentenced pursuant to the

1 provisions of Section 31-18-15 NMSA 1978;

2 (2) any other controlled substance  
3 enumerated in Schedule I, II, III or IV or a controlled  
4 substance analog of a controlled substance enumerated in  
5 Schedule I, II, III or IV except a substance enumerated in  
6 Schedule I or II that is a narcotic drug, a controlled  
7 substance analog of a controlled substance enumerated in  
8 Schedule I or II that is a narcotic drug or methamphetamine,  
9 its salts, isomers and salts of isomers, is:

10 (a) for the first offense, guilty of a  
11 third degree felony and shall be sentenced pursuant to the  
12 provisions of Section 31-18-15 NMSA 1978; and

13 (b) for the second and subsequent  
14 offenses, guilty of a second degree felony and shall be  
15 sentenced pursuant to the provisions of Section 31-18-15 NMSA  
16 1978; and

17 (3) a controlled substance enumerated in  
18 Schedule V or a controlled substance analog of a controlled  
19 substance enumerated in Schedule V is guilty of a misdemeanor  
20 and shall be punished by a fine of not less than one hundred  
21 dollars (\$100) or more than five hundred dollars (\$500) or by  
22 imprisonment for a definite term not less than one hundred  
23 eighty days but less than one year, or both.

24 B. It is unlawful for a person to distribute gamma  
25 hydroxybutyric acid or flunitrazepam to another person

1 without that person's knowledge and with intent to commit a  
2 crime against that person, including criminal sexual  
3 penetration. For the purposes of this subsection, "without  
4 that person's knowledge" means the person is unaware that a  
5 substance with the ability to alter that person's ability to  
6 appraise conduct or to decline participation in or  
7 communicate unwillingness to participate in conduct is being  
8 distributed to that person. Any person who violates this  
9 subsection is:

10 (1) for the first offense, guilty of a third  
11 degree felony and shall be sentenced pursuant to the  
12 provisions of Section 31-18-15 NMSA 1978; and

13 (2) for the second and subsequent offenses,  
14 guilty of a second degree felony and shall be sentenced  
15 pursuant to the provisions of Section 31-18-15 NMSA 1978.

16 C. Except as authorized by the Controlled  
17 Substances Act, it is unlawful for a person to intentionally  
18 create or deliver, or possess with intent to deliver, a  
19 counterfeit substance. A person who violates this subsection  
20 with respect to:

21 (1) a counterfeit substance enumerated in  
22 Schedule I, II, III or IV is guilty of a fourth degree felony  
23 and shall be sentenced pursuant to the provisions of Section  
24 31-18-15 NMSA 1978; and

25 (2) a counterfeit substance enumerated in

1 Schedule V is guilty of a petty misdemeanor and shall be  
2 punished by a fine of not more than one hundred dollars  
3 (\$100) or by imprisonment for a definite term not to exceed  
4 six months, or both.

5 D. A person who knowingly violates Subsection A or  
6 C of this section while within a drug-free school zone with  
7 respect to:

8 (1) synthetic cannabinoids is:

9 (a) for the first offense, guilty of a  
10 third degree felony and shall be sentenced pursuant to the  
11 provisions of Section 31-18-15 NMSA 1978;

12 (b) for the second and subsequent  
13 offenses, guilty of a second degree felony and shall be  
14 sentenced pursuant to the provisions of Section 31-18-15 NMSA  
15 1978;

16 (c) for the first offense, if more than  
17 one hundred pounds is possessed with intent to distribute or  
18 distributed or both, guilty of a second degree felony and  
19 shall be sentenced pursuant to the provisions of Section  
20 31-18-15 NMSA 1978; and

21 (d) for the second and subsequent  
22 offenses, if more than one hundred pounds is possessed with  
23 intent to distribute or distributed or both, guilty of a  
24 first degree felony and shall be sentenced pursuant to the  
25 provisions of Section 31-18-15 NMSA 1978;

1                   (2) any other controlled substance  
2 enumerated in Schedule I, II, III or IV or a controlled  
3 substance analog of a controlled substance enumerated in  
4 Schedule I, II, III or IV except a substance enumerated in  
5 Schedule I or II that is a narcotic drug, a controlled  
6 substance analog of a controlled substance enumerated in  
7 Schedule I or II that is a narcotic drug or methamphetamine,  
8 its salts, isomers and salts of isomers, is:

9                   (a) for the first offense, guilty of a  
10 second degree felony and shall be sentenced pursuant to the  
11 provisions of Section 31-18-15 NMSA 1978; and

12                   (b) for the second and subsequent  
13 offenses, guilty of a first degree felony and shall be  
14 sentenced pursuant to the provisions of Section 31-18-15 NMSA  
15 1978;

16                   (3) a controlled substance enumerated in  
17 Schedule V or a controlled substance analog of a controlled  
18 substance enumerated in Schedule V is guilty of a fourth  
19 degree felony and shall be sentenced pursuant to the  
20 provisions of Section 31-18-15 NMSA 1978; and

21                   (4) the intentional creation, delivery or  
22 possession with the intent to deliver:

23                   (a) a counterfeit substance enumerated  
24 in Schedule I, II, III or IV is guilty of a third degree  
25 felony and shall be sentenced pursuant to the provisions of



1 Section 31-18-15 NMSA 1978; and

2 (b) a counterfeit substance enumerated  
3 in Schedule V is guilty of a misdemeanor and shall be  
4 punished by a fine of not less than one hundred dollars  
5 (\$100) nor more than five hundred dollars (\$500) or by  
6 imprisonment for a definite term not less than one hundred  
7 eighty days but less than one year, or both.

8 E. Notwithstanding the provisions of Subsection A  
9 of this section, distribution of a small amount of synthetic  
10 cannabinoids for no remuneration shall be treated as provided  
11 in Paragraph (1) of Subsection B of Section 30-31-23 NMSA  
12 1978."

13 SECTION 68. Section 30-31-23 NMSA 1978 (being Laws  
14 1972, Chapter 84, Section 23, as amended) is amended to read:

15 "30-31-23. CONTROLLED SUBSTANCES--POSSESSION  
16 PROHIBITED.--

17 A. It is unlawful for a person intentionally to  
18 possess a controlled substance unless the substance was  
19 obtained pursuant to a valid prescription or order of a  
20 practitioner while acting in the course of professional  
21 practice or except as otherwise authorized by the Controlled  
22 Substances Act. It is unlawful for a person intentionally to  
23 possess a controlled substance analog.

24 B. A person who violates this section with respect  
25 to:

1                   (1) one ounce or less of synthetic  
2                   cannabinoids is, for the first offense, guilty of a petty  
3                   misdemeanor and shall be punished by a fine of not less than  
4                   fifty dollars (\$50.00) or more than one hundred dollars  
5                   (\$100) and by imprisonment for not more than fifteen days,  
6                   and, for the second and subsequent offenses, is guilty of a  
7                   misdemeanor and shall be punished by a fine of not less than  
8                   one hundred dollars (\$100) or more than one thousand dollars  
9                   (\$1,000) or by imprisonment for a definite term less than one  
10                  year, or both;

11                  (2) more than one ounce and less than eight  
12                  ounces of synthetic cannabinoids is guilty of a misdemeanor  
13                  and shall be punished by a fine of not less than one hundred  
14                  dollars (\$100) or more than one thousand dollars (\$1,000) or  
15                  by imprisonment for a definite term less than one year, or  
16                  both; or

17                  (3) eight ounces or more of synthetic  
18                  cannabinoids is guilty of a fourth degree felony and shall be  
19                  sentenced pursuant to the provisions of Section 31-18-15 NMSA  
20                  1978.

21                  C. A minor who violates this section with respect  
22                  to the substances listed in this subsection is guilty of a  
23                  petty misdemeanor and, notwithstanding the provisions of  
24                  Sections 32A-1-5 and 32A-2-19 NMSA 1978, shall be required to  
25                  perform no more than forty-eight hours of community service.

1 For the third or subsequent violation by a minor of this  
2 section with respect to those substances, the provisions of  
3 Section 32A-2-19 NMSA 1978 shall govern punishment of the  
4 minor. As used in this subsection, "minor" means a person  
5 who is less than eighteen years of age. The provisions of  
6 this subsection apply to the following substances:

7 (1) synthetic cannabinoids;

8 (2) any of the substances listed in  
9 Paragraphs (17) through (22) of Subsection C of Section  
10 30-31-6 NMSA 1978; or

11 (3) a substance added to Schedule I by a  
12 rule of the board adopted on or after March 31, 2011 if the  
13 board determines that the pharmacological effect of the  
14 substance, the risk to the public health by abuse of the  
15 substance and the potential of the substance to produce  
16 psychic or physiological dependence liability is similar to  
17 the substances described in Paragraph (1) or (2) of this  
18 subsection.

19 D. Except as provided in Subsections B and F of  
20 this section, and for those substances listed in Subsection E  
21 of this section, a person who violates this section with  
22 respect to any amount of any controlled substance enumerated  
23 in Schedule I, II, III or IV or a controlled substance analog  
24 of a substance enumerated in Schedule I, II, III or IV is  
25 guilty of a misdemeanor and shall be punished by a fine of

1 not less than five hundred dollars (\$500) or more than one  
2 thousand dollars (\$1,000) or by imprisonment for a definite  
3 term less than one year, or both.

4 E. A person who violates this section with respect  
5 to phencyclidine as enumerated in Schedule III or a  
6 controlled substance analog of phencyclidine;  
7 methamphetamine, its salts, isomers or salts of isomers as  
8 enumerated in Schedule II or a controlled substance analog of  
9 methamphetamine, its salts, isomers or salts of isomers;  
10 flunitrazepam, its salts, isomers or salts of isomers as  
11 enumerated in Schedule I or a controlled substance analog of  
12 flunitrazepam, including naturally occurring metabolites, its  
13 salts, isomers or salts of isomers; gamma hydroxybutyric acid  
14 and any chemical compound that is metabolically converted to  
15 gamma hydroxybutyric acid, its salts, isomers or salts of  
16 isomers as enumerated in Schedule I or a controlled substance  
17 analog of gamma hydroxybutyric acid, its salts, isomers or  
18 salts of isomers; gamma butyrolactone and any chemical  
19 compound that is metabolically converted to gamma  
20 hydroxybutyric acid, its salts, isomers or salts of isomers  
21 as enumerated in Schedule I or a controlled substance analog  
22 of gamma butyrolactone, its salts, isomers or salts of  
23 isomers; 1-4 butane diol and any chemical compound that is  
24 metabolically converted to gamma hydroxybutyric acid, its  
25 salts, isomers or salts of isomers as enumerated in Schedule

1 I or a controlled substance analog of 1-4 butane diol, its  
2 salts, isomers or salts of isomers; or a narcotic drug  
3 enumerated in Schedule I or II or a controlled substance  
4 analog of a narcotic drug enumerated in Schedule I or II is  
5 guilty of a fourth degree felony and shall be sentenced  
6 pursuant to the provisions of Section 31-18-15 NMSA 1978.

7 F. Except for a minor as provided in Subsection C  
8 of this section, a person who violates Subsection A of this  
9 section while within a posted drug-free school zone,  
10 excluding private property residentially zoned or used  
11 primarily as a residence and excluding a person in or on a  
12 motor vehicle in transit through the posted drug-free school  
13 zone, with respect to:

14 (1) one ounce or less of synthetic  
15 cannabinoids is, for the first offense, guilty of a  
16 misdemeanor and shall be punished by a fine of not less than  
17 one hundred dollars (\$100) or more than one thousand dollars  
18 (\$1,000) or by imprisonment for a definite term less than one  
19 year, or both, and for the second or subsequent offense, is  
20 guilty of a fourth degree felony and shall be sentenced  
21 pursuant to the provisions of Section 31-18-15 NMSA 1978;

22 (2) more than one ounce and less than eight  
23 ounces of synthetic cannabinoids is guilty of a fourth degree  
24 felony and shall be sentenced pursuant to the provisions of  
25 Section 31-18-15 NMSA 1978;

1                   (3) eight ounces or more of synthetic  
2                   cannabinoids is guilty of a third degree felony and shall be  
3                   sentenced pursuant to the provisions of Section 31-18-15 NMSA  
4                   1978;

5                   (4) any amount of any other controlled  
6                   substance enumerated in Schedule I, II, III or IV or a  
7                   controlled substance analog of a substance enumerated in  
8                   Schedule I, II, III or IV, except phencyclidine as enumerated  
9                   in Schedule III, a narcotic drug enumerated in Schedule I or  
10                  II or a controlled substance analog of a narcotic drug  
11                  enumerated in Schedule I or II, is guilty of a fourth degree  
12                  felony and shall be sentenced pursuant to the provisions of  
13                  Section 31-18-15 NMSA 1978; and

14                  (5) phencyclidine as enumerated in Schedule  
15                  III, a narcotic drug enumerated in Schedule I or II, a  
16                  controlled substance analog of phencyclidine or a controlled  
17                  substance analog of a narcotic drug enumerated in Schedule I  
18                  or II is guilty of a third degree felony and shall be  
19                  sentenced pursuant to the provisions of Section 31-18-15 NMSA  
20                  1978."

21                  **SECTION 69.** Section 30-31-34 NMSA 1978 (being Laws  
22                  1972, Chapter 84, Section 33, as amended) is amended to read:

23                  "30-31-34. FORFEITURES--PROPERTY SUBJECT.--The  
24                  following are subject to forfeiture pursuant to the  
25                  provisions of the Forfeiture Act:

1           A. all raw materials, products and equipment of  
2 any kind, including firearms that are used or intended for  
3 use in manufacturing, compounding, processing, delivering,  
4 importing or exporting any controlled substance or controlled  
5 substance analog in violation of the Controlled Substances  
6 Act;

7           B. all property that is used or intended for use  
8 as a container for property described in Subsection A of this  
9 section;

10           C. all conveyances, including aircraft, vehicles  
11 or vessels that are used or intended for use to transport or  
12 in any manner to facilitate the transportation for the  
13 purpose of sale of property described in Subsection A of this  
14 section;

15           D. all books, records and research products and  
16 materials, including formulas, microfilm, tapes and data that  
17 are used or intended for use in violation of the Controlled  
18 Substances Act;

19           E. narcotics paraphernalia or money that is a  
20 fruit or instrumentality of the crime;

21           F. notwithstanding Subsection C of this section  
22 and the provisions of the Forfeiture Act:

23               (1) a conveyance used by a person as a  
24 common carrier in the transaction of business as a common  
25 carrier shall not be subject to forfeiture pursuant to this

1 section unless it appears that the owner or other person in  
2 charge of the conveyance is a consenting party or privy to a  
3 violation of the Controlled Substances Act;

4 (2) a conveyance shall not be subject to  
5 forfeiture pursuant to this section by reason of an act or  
6 omission established for the owner to have been committed or  
7 omitted without the owner's knowledge or consent;

8 (3) a conveyance is not subject to  
9 forfeiture for a violation of law the penalty for which is a  
10 misdemeanor; and

11 (4) a forfeiture of a conveyance encumbered  
12 by a bona fide security interest shall be subject to the  
13 interest of a secured party if the secured party neither had  
14 knowledge of nor consented to the act or omission; and

15 G. all drug paraphernalia as defined by Subsection  
16 T of Section 30-31-2 NMSA 1978."

17 **SECTION 70. TEMPORARY PROVISION--TRANSFER--FUNCTIONS,**  
18 **PERSONNEL, MONEY, PROPERTY, CONTRACTUAL OBLIGATIONS AND**  
19 **STATUTORY REFERENCES--MEDICAL CANNABIS FUND--RULES.--**

20 A. On the effective date of this act, all  
21 functions, personnel, money, appropriations, records,  
22 furniture, equipment and other property of the department of  
23 health's medical cannabis program that are not part of the  
24 department's medical cannabis registry powers and duties  
25 shall be transferred to the regulation and licensing



1 department.

2 B. On the effective date of this act, all  
3 contractual obligations and other agreements of the  
4 department of health as they pertain to the department's  
5 medical cannabis program that are not part of the  
6 department's medical cannabis registry powers and duties are  
7 binding on the regulation and licensing department.

8 C. Statutory references to the department of  
9 health that pertain to the department's medical cannabis  
10 program that are not part of the department's medical  
11 cannabis registry powers and duties shall be deemed to be  
12 references to the cannabis control division of the regulation  
13 and licensing department.

14 D. On the effective date of this act, any  
15 unexpended or unencumbered balance in the medical cannabis  
16 fund is transferred to the cannabis regulation fund.

17 E. Except to the extent any administrative rules  
18 are inconsistent with the provisions of this act, any  
19 administrative rules adopted by an officer, agency or other  
20 entity whose responsibilities have been transferred pursuant  
21 to the provisions of this act to another officer, agency or  
22 other entity remain in force until amended by the officer,  
23 agency or other entity to which the responsibility for the  
24 adoption of the rules has been transferred. To the extent  
25 any administrative rules are inconsistent with the provisions

of this act, such rules are null and void.

**SECTION 71. TEMPORARY PROVISION--STUDY--REPORT.--**

A. The legislative finance committee shall study the fiscal and economic impacts of the Cannabis Regulation Act for fiscal years 2023 through 2027 and provide a report to the revenue stabilization and tax policy committee on or before December 1, 2027.

B. The report shall include:

(1) the impacts on budgets and staffing of the regulation and licensing department and the department of health;

(2) the impacts on general fund revenue and expenses;

(3) the impacts on potential funds created by the Cannabis Regulation Act;

(4) the impacts on the medical cannabis program;

(5) the impacts on local and state law enforcement; and

(6) the economic impact on the state, including:

(a) job creation;

(b) tourism; and

(c) other economic impacts.

**SECTION 72. REPEAL.--Section 9-7-17.1 NMSA 1978 (being**

Laws 2012, Chapter 42, Section 1) is repealed.

SECTION 73. DELAYED REPEAL.--Section 40 of this act is repealed effective December 31, 2025.\_\_\_\_\_

HB 2/a  
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underscored material = new  
[bracketed material] = delete

HOUSE BILL 160

**54TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2020**

INTRODUCED BY

Javier Martínez and Antonio Maestas and Deborah A. Armstrong

AN ACT

RELATING TO CONTROLLED SUBSTANCES; ENACTING THE CANNABIS  
REGULATION ACT; ENACTING THE CANNABIS TAX ACT; CREATING THE  
CANNABIS CONTROL DIVISION IN THE REGULATION AND LICENSING  
DEPARTMENT; PROVIDING DUTIES; CREATING THE CANNABIS REGULATORY  
ADVISORY COMMITTEE; CREATING THE PUBLIC HEALTH AND SAFETY  
ADVISORY COMMITTEE; ESTABLISHING THE MEDICAL CANNABIS SUBSIDY  
PROGRAM; REVISING LAW ENFORCEMENT REPORTING REQUIREMENTS;  
REVISING SECTIONS OF LAW RELATED TO CANNABIS; CREATING THE  
CANNABIS REGULATION FUND; CREATING THE COMMUNITY GRANTS  
REINVESTMENT FUND AND THE COMMUNITY GRANTS REINVESTMENT  
PROGRAM; CREATING THE LOW-INCOME MEDICAL PATIENT SUBSIDY FUND;  
CREATING THE CANNABIS WORKFORCE TRAINING FUND; CREATING THE  
CANNABIS INDUSTRY EQUITABLE OPPORTUNITY INVESTMENT FUND;  
CREATING A ROADSIDE DRUG TESTING PILOT PROJECT; CREATING A  
PUBLIC EDUCATION CAMPAIGN; PROVIDING FOR DISTRIBUTIONS FROM

.216624.1

1 CANNABIS EXCISE TAX REVENUE; AMENDING THE LYNN AND ERIN  
2 COMPASSIONATE USE ACT; PROVIDING AND REVISING PENALTIES;  
3 AMENDING, REPEALING AND ENACTING SECTIONS OF THE NMSA 1978;  
4 MAKING APPROPRIATIONS.

5  
6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

7 SECTION 1. [NEW MATERIAL] SHORT TITLE.--Sections 1  
8 through 46 of this act may be cited as the "Cannabis Regulation  
9 Act".

10 SECTION 2. [NEW MATERIAL] DEFINITIONS.--As used in the  
11 Cannabis Regulation Act:

12 A. "advertisement":

13 (1) means a statement or a depiction that is  
14 intended to induce the sale of cannabis and that is displayed  
15 in printed material or on a sign or other outdoor display or  
16 presented in a radio, television or other media broadcast or in  
17 digital media; and

18 (2) does not include:

19 (a) a sign or outdoor display or other  
20 statement permanently affixed to a licensed premises that is  
21 intended to induce the sale of a cannabis product produced or  
22 sold on the premises;

23 (b) a label affixed to a cannabis  
24 product or the covering, wrapper or container of a cannabis  
25 product; or

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1 (c) an editorial or other material  
2 printed in a publication when the publication of the editorial  
3 or material was not paid for by a licensee and was not intended  
4 to promote the sale of cannabis by a particular brand or  
5 company;

6 B. "advertising" means the publication or  
7 dissemination of an advertisement;

8 C. "cannabis":

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

16 (2) does not include:

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

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

1           D. "cannabis consumption area" means an area within  
2 a cannabis retailer's or integrated cannabis microbusiness'  
3 licensed premises where cannabis products may be consumed;

4           E. "cannabis courier" means a person who is  
5 licensed by the division only to transport cannabis and  
6 cannabis products directly to consumers;

7           F. "cannabis establishment" means:

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

16          G. "cannabis extract":

17               (1) means a product obtained by separating  
18 resins from cannabis by solvent extraction using solvents other  
19 than vegetable glycerin, such as butane, hexane, isopropyl  
20 alcohol, ethanol or carbon dioxide; and

21               (2) does not include the weight of any other  
22 ingredient combined with cannabis extract to prepare topical or  
23 oral administrations, food, drink or another product;

24          H. "cannabis flowers" means only the flowers of a  
25 cannabis plant;

1 I. "cannabis manufacturer" means a person that is  
2 licensed by the division to:

3 (1) manufacture cannabis products;  
4 (2) package, transport or courier cannabis  
5 products;

6 (3) have cannabis products tested by a  
7 cannabis testing laboratory; and

8 (4) sell and transport cannabis products to  
9 other cannabis establishments;

10 J. "cannabis producer" means a person that is  
11 licensed by the division to:

12 (1) produce cannabis;  
13 (2) have unprocessed cannabis products tested  
14 by a cannabis testing laboratory; and

15 (3) sell and transport unprocessed cannabis  
16 only to other cannabis establishments;

17 K. "cannabis producer microbusiness" means a person  
18 that is licensed by the division to:

19 (1) produce cannabis; provided that the person  
20 shall not possess at any one time more than ninety-nine mature  
21 cannabis plants;

22 (2) have unprocessed cannabis tested by a  
23 cannabis testing laboratory; and

24 (3) sell and transport unprocessed cannabis  
25 only to other cannabis establishments;

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1 L. "cannabis product":

2 (1) means a product that is or that contains  
3 cannabis or cannabis extracts, including edible or topical  
4 products that may also contain other ingredients; and

5 (2) does not include the weight of any other  
6 ingredient combined with cannabis or cannabis extracts to  
7 prepare topical or oral administrations, food, drink or another  
8 product;

9 M. "cannabis research laboratory" means a facility  
10 that is licensed by the division to produce or possess cannabis  
11 and all parts of the plant genus Cannabis for the purpose of  
12 studying cannabis cultivation, characteristics or uses;

13 N. "cannabis retailer" means a person that is  
14 licensed by the division to sell and courier cannabis products  
15 to a consumer in this state;

16 O. "cannabis server permit education provider"  
17 means a person or a public or private school that is licensed  
18 by the division to provide cannabis server education courses  
19 and examinations;

20 P. "cannabis testing laboratory" means a facility  
21 that is licensed by the division to sample, collect, transport  
22 and test cannabis products;

23 Q. "cannabis training and education program" means  
24 a practical or academic curriculum offered by a New Mexico  
25 public post-secondary educational institution designed to

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1 prepare students for participation in the cannabis industry;

2 R. "commercial cannabis activity":

3 (1) means the production, possession,  
4 manufacture, storage, testing, researching, labeling,  
5 transportation, couriering and sale of cannabis and cannabis  
6 products; and

7 (2) does not include activities related only  
8 to the medical cannabis program, to cannabis training and  
9 education programs or to the personal use of cannabis;

10 S. "consumer" means a person who purchases,  
11 acquires, owns, possesses or uses a cannabis product for a  
12 purpose other than resale;

13 T. "controlling person":

14 (1) means a person that controls ten percent  
15 or more of, or an officer or board member of, a cannabis  
16 establishment; and

17 (2) does not include a bank or licensed  
18 lending institution;

19 U. "department" means the regulation and licensing  
20 department;

21 V. "director" means the director of the division;

22 W. "division" means the cannabis control division  
23 of the department;

24 X. "evidence-based drug education program" means a  
25 research-based and scientific-evidence-based education program

1 that has been thoroughly tested and has been shown to  
2 significantly reduce problematic use of substances such as  
3 nicotine, alcohol or drugs or reduce student suspensions or  
4 expulsions related to alcohol or drug use;

5 Y. "financial consideration" means value that is  
6 given or received, directly or indirectly, through sales,  
7 barter, trade, fees, charges, dues, contributions or donations;

8 Z. "immature cannabis plant" means a cannabis plant  
9 that has no observable flowers or buds;

10 AA. "integrated cannabis microbusiness" means a  
11 person that is licensed by the division to:

12 (1) produce cannabis; provided that the person  
13 shall not possess at any one time more than ninety-nine mature  
14 cannabis plants;

15 (2) manufacture cannabis extracts using  
16 nonvolatile solvents, alcohol or carbon dioxide or no solvents;

17 (3) sell and transport only cannabis products  
18 manufactured by the person to other cannabis establishments and  
19 courier those products to consumers;

20 (4) operate only one cannabis establishment;

21 and

22 (5) engage in any other activity authorized by  
23 the division;

24 BB. "licensed premises" means a location that is  
25 licensed to engage in commercial cannabis activity pursuant to

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1 the Cannabis Regulation Act and includes:

2 (1) all enclosed public and private areas at  
3 the location that are used in the business operated pursuant to  
4 the license and includes offices, kitchens, restrooms and  
5 storerooms;

6 (2) all areas outside of a building that the  
7 division has specifically licensed for the production,  
8 manufacturing, wholesale sale or retail sale of cannabis  
9 products; and

10 (3) with respect to a location that the  
11 division has specifically licensed for the production of  
12 cannabis outside of a building, the entire unit of land that is  
13 created by subsection or partition of land that the licensee  
14 owns, leases or has a right to occupy;

15 CC. "licensee" means a person issued a license  
16 pursuant to the Cannabis Regulation Act;

17 DD. "licensee representative" means an owner,  
18 director, officer, manager, employee, agent or other  
19 representative of a licensee, to the extent that person acts in  
20 a representative capacity;

21 EE. "local jurisdiction" means a municipality, home  
22 rule municipality or county;

23 FF. "manufacture" means to prepare a cannabis  
24 product;

25 GG. "marketing" means the act of promoting or

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1 selling a cannabis product or a cannabis-related product or  
2 service;

3 HH. "mature cannabis plant" means a cannabis plant  
4 that is not an immature cannabis plant;

5 II. "medical cannabis" means cannabis products used  
6 by a qualified patient in accordance with the Lynn and Erin  
7 Compassionate Use Act;

8 JJ. "medical cannabis program" means the regulated  
9 system allowing for the beneficial use of medical cannabis as  
10 established in the Lynn and Erin Compassionate Use Act;

11 KK. "medical cannabis registry" means the system by  
12 which the department of health, pursuant to the Lynn and Erin  
13 Compassionate Use Act, receives applications for registry  
14 identification cards; approves and denies applications; issues  
15 and renews registry identification cards; and maintains files  
16 related to applicants for and recipients of registry  
17 identification cards;

18 LL. "person" means an individual or a firm,  
19 partnership, joint venture, association, corporation, limited  
20 liability company, estate, trust, business trust, receiver or  
21 any other legal or commercial entity;

22 MM. "primary caregiver" means a resident of New  
23 Mexico who is at least eighteen years of age and who has been  
24 designated by the qualified patient's practitioner as being  
25 necessary to take responsibility for managing the well-being of

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1 a qualified patient with respect to the medical use of cannabis  
2 pursuant to the provisions of the Lynn and Erin Compassionate  
3 Use Act;

4 NN. "produce" or "production" means any activity  
5 involving the cultivation of cannabis;

6 OO. "public place" means a place to which the  
7 general public has access and includes hallways, lobbies and  
8 other parts of apartment houses and hotels that do not  
9 constitute rooms or apartments designed for actual residence;  
10 highways; streets; schools; places of amusement; parks;  
11 playgrounds; and places used in connection with public  
12 passenger transportation;

13 PP. "qualified patient" means a person who has been  
14 diagnosed by a practitioner as having a debilitating medical  
15 condition and has received written certification and a registry  
16 identification card as part of the medical cannabis program;  
17 and

18 QQ. "superintendent" means the superintendent of  
19 regulation and licensing.

20 SECTION 3. [NEW MATERIAL] CANNABIS CONTROL DIVISION--  
21 DUTIES--RULEMAKING--CANNABIS REGULATORY ADVISORY COMMITTEE.--

22 A. The "cannabis control division" is created in  
23 the regulation and licensing department.

24 B. The division shall regulate and administer, and  
25 may collect fees in connection with the administration of:

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1 (1) commercial cannabis activity and licensing  
2 related to the activity;

3 (2) the medical cannabis program, except for  
4 the medical cannabis registry; and

5 (3) all aspects of cannabis relating to  
6 cannabis training and education programs.

7 C. No later than January 1, 2021, the division  
8 shall promulgate rules necessary for the division to carry out  
9 its duties provided in the Cannabis Regulation Act, including:

10 (1) procedures for the issuance, renewal,  
11 suspension and revocation of a license;

12 (2) qualifications for licensure that are  
13 directly and demonstrably related to the operation of a  
14 cannabis establishment;

15 (3) security requirements for a cannabis  
16 establishment;

17 (4) requirements related to:

18 (a) inspection and monitoring of a  
19 cannabis establishment;

20 (b) a cannabis establishment's  
21 recordkeeping and tracking of cannabis from seed until sale;

22 (c) prevention of the sale or diversion  
23 of cannabis products in commercial cannabis activity to a  
24 person under the age of twenty-one;

25 (d) labeling of cannabis products

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1 packaged, sold or distributed by a cannabis establishment; and

2 (e) language for labels of cannabis  
3 products regarding potential adverse effects;

4 (5) a provision requiring that each cannabis  
5 retailer maintain at all times a supply of medical cannabis  
6 products suitable and sufficient to meet the reasonably  
7 foreseeable needs of qualified patients as determined by the  
8 department of health; provided that in the event of a shortage  
9 of cannabis products, qualified patients shall be served before  
10 any other consumer; and further provided that unused plants or  
11 products reserved for medical cannabis use may be offered to  
12 other consumers upon receiving division approval that all  
13 reasonably foreseeable medical cannabis needs have been met;

14 (6) rules on advertising and marketing of  
15 cannabis products;

16 (7) rules on how a licensee may display  
17 cannabis products for sale;

18 (8) procedures that promote and encourage full  
19 participation in the cannabis industry governed by the Cannabis  
20 Regulation Act by representatives of communities that have been  
21 disproportionately harmed by rates of arrest through the  
22 enforcement of cannabis prohibitions in law and policy;

23 (9) procedures that encourage racial, ethnic,  
24 gender and geographic diversity among license applicants,  
25 licensees and cannabis industry employees;

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1 (10) rules developed in consultation with the  
2 department of environment to establish:

3 (a) health and safety standards  
4 applicable to the research and production of cannabis and the  
5 manufacture of cannabis products;

6 (b) standards for quality control,  
7 inspection and testing of cannabis products;

8 (c) standards for food and product  
9 safety applicable to cannabis products; and

10 (d) which additives and ingredients are  
11 approved for and prohibited from inclusion in cannabis  
12 products; provided that nicotine shall be prohibited;

13 (11) health and safety standards developed in  
14 consultation with the department of health to meet the needs of  
15 qualified patients, including those who are immunosuppressed;

16 (12) rules developed in consultation with the  
17 New Mexico department of agriculture and the department of  
18 environment to establish:

19 (a) standards for the use of pesticides  
20 in the production of cannabis, including the maximum allowances  
21 for pesticides and other foreign material, such as hair,  
22 insects or other similar adulterants, in harvested cannabis,  
23 except for cannabis produced or harvested for research purposes  
24 and not for ingestion;

25 (b) environmental protections that apply

1 to all licensees; and

2 (c) protocols to ensure licensees'  
3 compliance with federal, state and local laws and ordinances  
4 governing environmental impacts, natural resource protection,  
5 water quality, water supply, hazardous materials, pesticide use  
6 and wastewater discharge;

7 (13) a rule providing that each person to whom  
8 a license is issued shall be fully liable and accountable for  
9 the use of the license, including liability for all violations  
10 of the Cannabis Regulation Act and for all taxes charged in  
11 connection with the license; and

12 (14) rules developed in consultation with the  
13 workforce solutions department to ensure that licensees comply  
14 with applicable state and federal labor and employment laws.

15 D. The division shall collect and publish annually  
16 to the appropriate committee of the legislature and on the  
17 division's website a report describing demographic data on  
18 license applicants, controlling persons and employees of  
19 cannabis establishments, including race, ethnicity, gender and  
20 age.

21 E. No later than September 1, 2020, the division  
22 shall convene a "cannabis regulatory advisory committee" to  
23 advise the division on the development of rules pursuant to the  
24 Cannabis Regulation Act, including best practices and  
25 guidelines that promote economic and cultural diversity in

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1     licensing and employment opportunities and protect public  
2     health and safety while ensuring a regulated environment for  
3     commercial cannabis activity that does not impose unreasonable  
4     barriers that would perpetuate, rather than reduce and  
5     eliminate, the illicit market for cannabis. The cannabis  
6     regulatory advisory committee shall consist of the following  
7     individuals or their designees:

8                     (1) the chief public defender;

9                     (2) a district attorney appointed by the New  
10     Mexico district attorney association;

11                    (3) a county sheriff appointed by the  
12     executive director of New Mexico counties; and

13                    (4) members appointed by the director with the  
14     approval of the superintendent for four-year terms, including a  
15     representative:

16                             (a) of the cannabis industry;

17                             (b) of a cannabis policy advocacy  
18     organization;

19                             (c) of a labor organization;

20                             (d) who is a qualified patient;

21                             (e) from a state or local agency with  
22     relevant expertise as the director and the superintendent deem  
23     appropriate;

24                             (f) with expertise in public health;

25                             (g) with expertise in regulating

1 commercial activity for adult-use intoxicating substances;  
2 (h) from a community disproportionately  
3 affected by past federal and state drug policies;  
4 (i) with expertise and experience in  
5 cannabis laboratory science;  
6 (j) from an Indian nation, tribe or  
7 pueblo with relevant expertise as the director and the  
8 superintendent deem appropriate; and  
9 (k) with expertise in other relevant  
10 areas as the director and the superintendent deem appropriate.

11 F. Beginning January 1, 2024, the cannabis  
12 regulatory advisory committee shall publish and provide to the  
13 superintendent and the legislature an annual report detailing  
14 its activities and recommendations made to the division during  
15 the preceding year and noting whether the division implemented  
16 the recommendations. The report shall include a review of the  
17 demographics and geographic diversity of the cannabis industry  
18 workforce and licensees and shall include recommendations, if  
19 necessary, to ensure diversity of the workforce and licensees.  
20 The report shall include a recommendation on whether the  
21 legislature should adjust the cannabis excise tax based on the  
22 following considerations:

- 23 (1) demand for cannabis products;  
24 (2) undercutting the illicit cannabis market;  
25 (3) preventing the commercial cannabis market

1 from undercutting the medical cannabis market;

2 (4) preventing cannabis use by a person  
3 younger than twenty-one years of age; and

4 (5) preventing cannabis use disorder.

5 G. Public members of the cannabis regulatory  
6 advisory committee shall not be paid but are entitled to  
7 receive per diem and mileage as provided for state employees in  
8 the Per Diem and Mileage Act.

9 H. At least once in each of calendar years 2023  
10 through 2026, the division shall convene a meeting to review  
11 developments and to coordinate efforts to improve economic and  
12 social outcomes related to the legalization and use of  
13 commercial and medical cannabis. Meeting participants shall  
14 include all members of the cannabis regulatory advisory  
15 committee and a representative from:

- 16 (1) the department of environment;  
17 (2) the department of health;  
18 (3) the New Mexico department of agriculture;  
19 (4) the department of public safety;  
20 (5) the economic development department; and  
21 (6) the workforce solutions department.

22 I. No later than April 1, 2021, the division shall  
23 promulgate rules relating to cannabis training and education  
24 programs, including:

- 25 (1) procedures for the issuance, renewal,

1 suspension and revocation of a license;

2 (2) qualifications for licensure;

3 (3) security requirements;

4 (4) requirements relating to:

5 (a) inspection and monitoring;

6 (b) recordkeeping and tracking of  
7 cannabis from seed until it is destroyed or transferred to a  
8 program as authorized by the department of health; and

9 (c) prevention of the diversion of  
10 cannabis;

11 (5) rules developed in consultation with the  
12 department of environment to establish health and safety  
13 standards applicable to the production of cannabis; and

14 (6) rules developed in consultation with the  
15 New Mexico department of agriculture and the department of  
16 environment to establish:

17 (a) standards for the use of pesticides  
18 in the production of cannabis;

19 (b) environmental protections; and

20 (c) protocols to ensure licensees'  
21 compliance with state and local laws and ordinances governing  
22 environmental impacts, natural resource protection, water  
23 quality, water supply, hazardous materials, pesticide use and  
24 wastewater discharge.

25 SECTION 4. [NEW MATERIAL] DEPARTMENT OF HEALTH--DUTIES--

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1 MEDICAL CANNABIS SUBSIDY PROGRAM--PUBLIC HEALTH AND SAFETY  
2 ADVISORY COMMITTEE.--

3 A. No later than January 1, 2021, the department of  
4 health shall:

5 (1) establish the "medical cannabis subsidy  
6 program", by which the department of health shall make  
7 distributions to provide medical cannabis or subsidies to  
8 qualified patients who are New Mexico residents and who are  
9 sick and indigent persons and low-income and higher-use  
10 patients who need assistance in obtaining medical cannabis; and

11 (2) promulgate rules to govern the medical  
12 cannabis subsidy program.

13 B. The department of health shall monitor emerging  
14 scientific and medical information relevant to the health  
15 effects associated with cannabis use and shall monitor changes  
16 in cannabis use patterns for children and adults within the  
17 state, broken down by county, race and ethnicity.

18 C. No later than September 1, 2020, the secretary  
19 of health shall appoint a "public health and safety advisory  
20 committee" composed of professionals with expertise related to  
21 cannabis through work, training or research in public health,  
22 epidemiology, medicine, medical toxicology, poison control,  
23 road safety, occupational safety, environmental safety and  
24 emergency medicine.

25 D. Beginning December 1, 2022, the public health

1 and safety advisory committee shall provide to the legislature,  
2 and the department of health shall publish on its website, an  
3 annual report on the health effects of legalizing cannabis for  
4 adult use. The report shall include the following elements  
5 relating to cannabis use and, as applicable, the demographics  
6 of persons who are the subject of the event or report relating  
7 to the element:

- 8 (1) child access;
- 9 (2) road safety and driving while impaired;
- 10 (3) workplace safety;
- 11 (4) the percentage of emergency room visits  
12 and outcomes;
- 13 (5) educational needs for children and adults;
- 14 (6) consumer and product safety;
- 15 (7) the percentage of poison control center  
16 calls; and
- 17 (8) the impact of cannabis use on rates of  
18 alcohol, opioid and other substance abuse.

19 E. In consultation with qualified patients and  
20 primary caregivers, the department shall produce an assessment  
21 report annually, which shall be available to the public and  
22 that includes at a minimum an evaluation of the:

- 23 (1) affordability and accessibility of medical  
24 cannabis pursuant to the Lynn and Erin Compassionate Use Act;  
25 and



1 (2) needs of qualified patients who live in  
2 rural areas, federal subsidized housing and New Mexico Indian  
3 nations, tribes or pueblos.

4 F. Public members of the public health and safety  
5 advisory committee are entitled to per diem and mileage as  
6 provided for state employees in the Per Diem and Mileage Act.

7 SECTION 5. [NEW MATERIAL] DEPARTMENT OF PUBLIC SAFETY--  
8 REPORTING REQUIREMENTS.--

9 A. Within sixty days following the end of each  
10 fiscal year, every police and sheriff's department shall report  
11 on a form approved by the department of public safety the total  
12 number of arrests, citations and penalty assessments for  
13 cannabis-related violations broken down by:

14 (1) category and penalty level; and

15 (2) race, ethnicity, age and gender.

16 B. Each law enforcement agency shall submit its  
17 annual report to the department of public safety.

18 C. The department of public safety shall compile  
19 the reports submitted and shall issue by November 1 of each  
20 year an annual report of all cannabis law violations in the  
21 state. The report shall aggregate the data for the state and  
22 shall disaggregate the data by agency, race, ethnicity, age and  
23 gender. The department of public safety shall make all annual  
24 reports submitted for previous fiscal years available on the  
25 department of public safety's website.

1           D. For purposes of this section, "cannabis-related  
2 violation" means a violation of any of Sections 31 through 35  
3 of the Cannabis Regulation Act or a violation of Section  
4 66-8-102 or 66-13-3 NMSA 1978 if the basis for the arrest or  
5 citation is intoxication due to the use of cannabis.

6           **SECTION 6. [NEW MATERIAL] CANNABIS CONTROL DIVISION--**  
7 **LICENSING CANNABIS ACTIVITIES--LIMITATIONS--MEDICAL CANNABIS**  
8 **GRANDFATHERED LICENSING.--**

9           A. Except as otherwise provided in Subsection K of  
10 this section, the division shall begin issuing licenses for  
11 commercial cannabis activities no later than April 1, 2021;  
12 provided that a person that is not licensed pursuant to  
13 Subsection K of this section shall not courier or sell cannabis  
14 products until January 1, 2022; and further provided that,  
15 until January 1, 2022, and longer if the division deems it  
16 necessary, the division may issue temporary licenses.

17           B. The division shall administer a licensing  
18 program for commercial cannabis activities provided for in the  
19 Cannabis Regulation Act, the medical cannabis program provided  
20 for in the Lynn and Erin Compassionate Use Act and cannabis  
21 training and education programs, which shall include licenses  
22 for:

- 23                   (1) cannabis manufacturers;  
24                   (2) cannabis testing laboratories;  
25                   (3) cannabis research laboratories;

- 1 (4) cannabis couriers;
- 2 (5) integrated cannabis microbusinesses;
- 3 (6) cannabis producers;
- 4 (7) cannabis producer microbusinesses;
- 5 (8) cannabis retailers;
- 6 (9) cannabis training and education programs;

7 and

- 8 (10) cannabis server permit education
- 9 providers.

10 C. The division shall include a clear designation  
11 on all licenses that indicates whether the license is for  
12 medical cannabis activity or for both medical and commercial  
13 cannabis activity or for cannabis training and education  
14 programs.

15 D. The division may designate subcategories of  
16 licenses based on:

- 17 (1) the size of a business; or
- 18 (2) for cannabis producers, whether the
- 19 cannabis is produced indoors, outdoors or in a setting that
- 20 combines natural light with other light sources.

21 E. A license is valid for twelve months from the  
22 date it is issued and may be renewed annually; provided that a  
23 license issued for a cannabis training and education program  
24 is valid until terminated by the licensee or suspended or  
25 revoked by the division.

1 F. The division shall not issue any other license  
2 provided for in this section to a cannabis research laboratory,  
3 a cannabis testing laboratory, a cannabis training and  
4 education program licensee or a cannabis server permit  
5 education provider licensee.

6 G. The division shall allow only a cannabis  
7 retailer or an integrated cannabis microbusiness to operate a  
8 cannabis consumption area.

9 H. The division shall not issue a license to a  
10 natural person who cannot demonstrate continuous residency in  
11 New Mexico for at least two years prior to the date on which  
12 the person submits a license application. If an applicant is  
13 an entity, at least sixty percent of the ownership in the  
14 entity shall be held by persons who shall demonstrate  
15 continuous residency in New Mexico for two years prior to the  
16 date on which the entity submits its license application;  
17 provided that the provisions of this subsection shall not apply  
18 to an applicant for a cannabis research laboratory, a cannabis  
19 testing laboratory, a cannabis training and education program  
20 or a person licensed pursuant to the Lynn and Erin  
21 Compassionate Use Act.

22 I. A person may demonstrate continuous residency by  
23 providing to the division the following indicating at least two  
24 years residency in the state:

25 (1) a current license, permit or

1 identification card issued by the motor vehicle division of the  
2 taxation and revenue department;

3 (2) proof of voter registration;

4 (3) evidence that the person has a voluntary,  
5 principal or primary place of abode of self in the state to  
6 which the person, whenever absent, has the bona fide intention  
7 of returning, regardless of the duration of absence. In  
8 determining what is a principal or primary place of abode of a  
9 person, the following circumstances relating to the person may  
10 be considered: business pursuits, employment, income sources,  
11 marital status, residence of parents, spouse and children, if  
12 any, leaseholds, situs of personal and real property or motor  
13 vehicle registration; or

14 (4) other reasonable evidence as determined by  
15 the division.

16 J. Except as provided in Subsection F of this  
17 section and Section 8 of the Cannabis Regulation Act, the  
18 division shall not limit the type or number of licenses that a  
19 licensee may be issued pursuant to the Cannabis Regulation Act.

20 K. Any person properly licensed and in good  
21 standing pursuant to the Lynn and Erin Compassionate Use Act on  
22 the effective date of the Cannabis Regulation Act shall be  
23 issued a license pursuant to the provisions of the Cannabis  
24 Regulation Act allowing the licensee to continue to conduct  
25 medical cannabis activity only. The licensee shall continue to

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1 operate under rules promulgated for the medical cannabis  
2 program until the division promulgates rules for medical  
3 cannabis activity.

4 SECTION 7. [NEW MATERIAL] LICENSEES--SANCTIONS--CIVIL  
5 PENALTY.--

6 A. Any violation of a provision of the Cannabis  
7 Regulation Act or a rule adopted by the division by a holder of  
8 a license issued pursuant to Subsection B of Section 6 of the  
9 Cannabis Regulation Act is grounds for disciplinary action.

10 The division may:

- 11 (1) suspend or revoke a license;  
12 (2) impose any intermediate sanction  
13 established by rule;  
14 (3) impose a directed plan of correction; or  
15 (4) assess a civil monetary penalty  
16 established by rule; provided that a civil monetary penalty  
17 shall not exceed a total of ten thousand dollars (\$10,000) per  
18 violation, and penalties and interest recovered pursuant to the  
19 Cannabis Regulation Act on behalf of the state shall be  
20 remitted to the state treasurer for deposit in the general  
21 fund.

22 B. The division shall adopt and promulgate rules  
23 specifying the criteria for imposition of any sanction and  
24 civil monetary penalty.

25 C. A licensee is liable for the reasonable costs of

1 a directed plan of correction.

2 D. The provisions of this section do not apply to  
3 occupational health and safety rules promulgated pursuant to  
4 Section 20 of the Cannabis Regulation Act.

5 E. The provisions of this section do not apply to a  
6 cannabis training and education program licensee; provided that  
7 the division may suspend or revoke the license of a cannabis  
8 training and education program for any violation of a provision  
9 of the Cannabis Regulation Act or a rule adopted by the  
10 division.

11 SECTION 8. [NEW MATERIAL] COMMERCIAL CANNABIS ACTIVITY  
12 LICENSING--TEMPORARY LICENSING--APPLICATION--ISSUANCE AND  
13 DENIAL OF A LICENSE.--

14 A. The holder of a license issued pursuant to the  
15 Cannabis Regulation Act has no vested property right in the  
16 license, which is the property of the state. A license issued  
17 pursuant to the Cannabis Regulation Act is not transferrable  
18 from person to person, shall not be leased and shall not be  
19 considered property subject to execution, attachment, a  
20 security transaction, liens, receivership or all other  
21 incidents of tangible personal property under the laws of this  
22 state.

23 B. Beginning no later than January 1, 2021, the  
24 division shall issue a temporary license to conduct commercial  
25 cannabis activity to a person that holds a license issued

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1 pursuant to Subsection K of Section 6 of the Cannabis  
2 Regulation Act that has applied for a license pursuant to  
3 Subsection C of this section; provided that the person shall  
4 meet requirements established by the division. The  
5 requirements shall include standards for determining whether  
6 the person has the financial and operational ability to engage  
7 in commercial cannabis activities. The requirements shall  
8 ensure that a cannabis retailer maintain at all times a supply  
9 of cannabis products suitable and sufficient to meet the  
10 reasonably foreseeable needs of qualified patients as  
11 determined by the department of health; provided that in the  
12 event of a shortage of cannabis products, qualified patients  
13 shall be served before any other consumer; and further provided  
14 that unused plants or products reserved for medical use may be  
15 offered to other consumers upon receiving department of health  
16 approval that all reasonably foreseeable medical needs have  
17 been met. A person operating under a temporary license shall  
18 continue to operate under rules promulgated for the medical  
19 cannabis program until the division promulgates rules for  
20 commercial cannabis activity. A temporary license to conduct  
21 commercial cannabis activity shall expire on the date that a  
22 license is issued or denied to the temporary license holder  
23 pursuant to Subsection C of this section.

24 C. In carrying out its commercial cannabis activity  
25 licensing duties, the division shall:

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1 (1) no later than January 1, 2021, accept and  
2 begin processing license applications;

3 (2) issue a license, or a written notice  
4 detailing why an application was denied, no later than ninety  
5 days following the day on which the application was submitted  
6 to the division;

7 (3) no later than July 1, 2021, in  
8 consultation with the cannabis regulatory advisory committee,  
9 develop a plan to encourage racial, ethnic, gender and  
10 geographic diversity among licensees; and

11 (4) require as a condition of licensing that  
12 the applicant:

13 (a) comply with all applicable state and  
14 local laws and ordinances;

15 (b) if applying for a cannabis producer  
16 license or cannabis manufacturer license, submit a plan to  
17 utilize, or demonstrate to the division that the applicant  
18 cannot feasibly utilize, energy and water reduction  
19 opportunities, including: 1) for a cannabis producer, drip  
20 irrigation and water collection; 2) natural lighting and energy  
21 efficiency measures; and 3) renewable energy generation;

22 (c) demonstrate that the applicant has a  
23 legal right to a commercial water supply, water rights or  
24 another source of water sufficient to meet the water needs  
25 related to the license; and

1 (d) submit an attestation signed by an  
2 authorized representative of a bona fide labor organization  
3 stating that the applicant and the labor organization have  
4 entered into an agreement providing that: 1) the labor  
5 organization shall not engage in picketing, work stoppages,  
6 boycotts and other economic interference with the licensee's  
7 business; and 2) the applicant shall not interfere in efforts  
8 by the labor organization to communicate with, organize or  
9 represent the applicant's employees and shall allow the labor  
10 organization reasonable access to the applicant's employees  
11 during work hours to discuss the employees' rights to  
12 representation, employment rights under state law and terms and  
13 conditions of employment; provided that the requirements of  
14 this subparagraph shall not apply to an application for a  
15 license as an integrated cannabis microbusiness or cannabis  
16 producer microbusiness.

17 D. The division shall deny an application for an  
18 initial license or renewal if:

19 (1) the application does not include all  
20 information required by the division;

21 (2) the applicant or a controlling person in  
22 the applicant's entity has been convicted of an offense that is  
23 substantially related to the qualifications, functions or  
24 duties of the applicant entity's business; provided that if the  
25 division determines that the controlling person and the

1 applicant entity are otherwise qualified for a license and that  
2 issuing a license to the applicant entity would not compromise  
3 public safety, the division shall conduct a thorough review of  
4 the conviction, including the nature of the offense,  
5 surrounding circumstances and any evidence of the controlling  
6 person's rehabilitation following the conviction, and based on  
7 that review, determine whether the applicant entity should be  
8 issued a license;

9 (3) the applicant or a controlling person in  
10 the applicant's entity has had a license issued pursuant to the  
11 Cannabis Regulation Act or the Lynn and Erin Compassionate Use  
12 Act revoked by the division or the department of health in the  
13 three years immediately preceding the date on which the  
14 application was filed; or

15 (4) the application:

16 (a) for initial licensure does not  
17 include the attestation required pursuant to Subparagraph (d)  
18 of Paragraph (4) of Subsection C of this section; or

19 (b) for renewal does not include an  
20 attestation signed by an authorized representative of a bona  
21 fide labor organization stating that an agreement required  
22 pursuant to Subparagraph (d) of Paragraph (4) of Subsection C  
23 of this section is currently in effect; provided that the  
24 requirements of this subparagraph shall not apply to an  
25 application for a license as an integrated cannabis

1 microbusiness or cannabis producer microbusiness.

2 E. For the purposes of Subsection D of this  
3 section:

4 (1) the following are considered substantially  
5 related to the qualifications, functions or duties of a  
6 business seeking a license:

7 (a) a felony conviction involving fraud,  
8 deceit or embezzlement;

9 (b) a felony conviction for hiring,  
10 employing or otherwise using a person younger than eighteen  
11 years of age to: 1) prepare for sale, transport or carry a  
12 controlled substance; or 2) sell, give away or offer to sell a  
13 controlled substance to any person; and

14 (c) any other offense as determined by  
15 the division, except as provided in Paragraph (2) of this  
16 subsection; and

17 (2) a conviction for which the related  
18 sentence, including any term of probation or parole, is  
19 completed for the possession, use, manufacture, distribution or  
20 dispensing or the possession with the intent to manufacture,  
21 distribute or dispense a controlled substance is not considered  
22 substantially related to the qualifications, functions or  
23 duties of a business seeking a license and shall not be the  
24 sole ground on which an application is denied.

25 F. The division shall deny an application if an

1 applicant, a controlling person in an applicant's entity or the  
2 premises for which a license is sought does not qualify for  
3 licensure pursuant to the Cannabis Regulation Act.

4 SECTION 9. [NEW MATERIAL] UNREASONABLE RESTRAINT ON  
5 COMPETITION--PROHIBITED ACTS.--

6 A. No person shall enter into any agreement to  
7 commit, or by any concerted action commit, any act of boycott,  
8 coercion or intimidation resulting or tending to result in  
9 unreasonable restraint of, or monopoly in, commercial cannabis  
10 activities in this state.

11 B. It is unlawful for a licensee, directly,  
12 indirectly or through an affiliate, to:

13 (1) require by agreement or otherwise that  
14 another licensee engaged in a commercial cannabis activity in  
15 the state purchase cannabis from the licensee to the exclusion  
16 in whole or in part of cannabis sold or offered for sale by  
17 other licensees;

18 (2) induce, through any of the following  
19 means, a licensee engaged in a commercial cannabis activity in  
20 the state to purchase cannabis from the licensee to the  
21 exclusion in whole or in part of cannabis sold or offered for  
22 sale by other licensees:

23 (a) by acquiring an interest in real or  
24 personal property owned, occupied or used by another licensee  
25 in the conduct of that licensee's commercial cannabis activity,

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1 subject to exceptions that the director may prescribe, having  
2 due regard for the free flow of commerce, the purposes of this  
3 section and established trade customs not contrary to the  
4 public interest;

5 (b) by furnishing, giving, renting,  
6 lending or selling to another licensee equipment, fixtures,  
7 signs, supplies, money, services or other thing of value,  
8 subject to exceptions that the director may by rule prescribe,  
9 having due regard for public health and welfare, the quantity  
10 and value of the articles involved and established trade  
11 customs not contrary to the public interest and the purposes of  
12 this section;

13 (c) by paying or crediting another  
14 licensee for advertising, display or distribution services;

15 (d) by requiring another licensee to  
16 take and dispose of a certain quota or combination of cannabis  
17 or cannabis products; or

18 (e) by offering or giving a bonus,  
19 premium or compensation to an officer, employee, agent or  
20 representative of another licensee; or

21 (3) sell, offer for sale or contract to sell  
22 to another licensee engaged in a commercial cannabis activity  
23 in the state cannabis of any kind or class on consignment or  
24 under a conditional sale or on a basis other than a bona fide  
25 sale; provided that this paragraph shall not apply to

1 transactions involving solely the bona fide return of cannabis  
2 for ordinary and usual commercial reasons arising after the  
3 cannabis has been sold, including a return of cannabis that is  
4 at or near spoilage or expiration date or that was damaged by  
5 the licensee, but not including a return of cannabis that was  
6 damaged by any other licensee or any other licensee's employees  
7 or customers.

8 SECTION 10. [NEW MATERIAL] LICENSING FEES.--

9 A. The division shall establish application and  
10 licensing fees applicable to licenses for commercial cannabis  
11 activity and activity related to medical cannabis. The fees  
12 shall not exceed the cost of administering and enforcing the  
13 programs established in the Cannabis Regulation Act and the  
14 Lynn and Erin Compassionate Use Act, including the  
15 administration of the medical cannabis registry by the  
16 department of health; provided that:

17 (1) the fees shall be scaled to reflect the  
18 size of a business seeking or renewing a license; and

19 (2) for a license or renewal of a license that  
20 authorizes only medical cannabis activity, the fee shall not  
21 exceed one-half of the fee charged for a license or renewal of  
22 a license for a similarly sized business that authorizes both  
23 commercial and medical cannabis activities.

24 B. The division shall deposit all fees collected  
25 pursuant to the Cannabis Regulation Act in the cannabis

1 regulation fund.

2 SECTION 11. [NEW MATERIAL] CANNABIS CONTROL DIVISION--  
3 CANNABIS TRAINING AND EDUCATION PROGRAM LICENSING--SANCTIONS.--

4 A. The division shall begin licensing cannabis  
5 training and education programs no later than July 1, 2021.

6 B. The division shall administer a licensing  
7 program for cannabis training and education programs.

8 C. Any violation of a provision of the Cannabis  
9 Regulation Act or a rule adopted by the division applicable to  
10 a person licensed pursuant to this section is grounds for  
11 suspension or revocation of the license.

12 SECTION 12. [NEW MATERIAL] CANNABIS INDUSTRY MANDATORY  
13 EDUCATION--APPLICATIONS--PERMIT REQUIRED--EDUCATION PROGRAM  
14 APPROVAL REQUIRED--ISSUANCE OR DENIAL OF A PERMIT OR APPROVAL--  
15 DEFINITIONS--PENALTIES.--

16 A. As used in this section:

17 (1) "cannabis server permit" means an  
18 authorization issued by the director to allow a person to  
19 offer, sell, serve, dispense, cultivate, manufacture, test or  
20 transport cannabis or cannabis products; and

21 (2) "program" means a cannabis server  
22 education course and examination approved by the director to be  
23 administered by cannabis server permit education providers.

24 B. Beginning on January 1, 2022, no person shall  
25 offer, sell, serve, dispense, cultivate, manufacture, test or

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1 transport cannabis or cannabis products in connection with a  
2 commercial cannabis activity unless that person has obtained a  
3 cannabis server permit issued pursuant to this section;  
4 provided that a cannabis research laboratory or an employee of  
5 the laboratory is not required to obtain or possess a cannabis  
6 server permit while performing activities authorized pursuant  
7 to a cannabis research laboratory.

8 C. Beginning no later than December 1, 2021, the  
9 division shall issue cannabis server permits to persons  
10 eighteen years of age or older who satisfy the requirements of  
11 this section.

12 D. Beginning no later than July 1, 2021, the  
13 division may approve programs and issue cannabis server permit  
14 education provider licenses. The director shall determine  
15 program requirements; provided that:

16 (1) the program curriculum shall include the  
17 following subjects:

18 (a) state laws and rules relating to  
19 cannabis;

20 (b) safe handling of cannabis products,  
21 including strategies to reduce access by persons under twenty-  
22 one years of age; and

23 (c) ethics and customer privacy and  
24 rights;

25 (2) training may be provided in person or

1 electronically. If the training is provided electronically,  
2 students shall have real-time access to an instructor during at  
3 least one-half of the instruction period for each subject;

4 (3) instructors shall have demonstrated  
5 knowledge and experience related to the subject matter;

6 (4) an owner, agent, principal or instructor  
7 of a program shall not have a direct or indirect financial  
8 interest in a cannabis establishment;

9 (5) persons or schools seeking a cannabis  
10 server permit education provider license shall file an  
11 application and submit a nonrefundable application fee of two  
12 thousand dollars (\$2,000), which shall be deposited into the  
13 cannabis regulation fund;

14 (6) any change to approved program curriculum  
15 shall be approved by the director prior to use;

16 (7) a denial of a license or renewal shall  
17 include the reasons for denial and notice that the applicant  
18 may appeal the decision pursuant to Subsection 0 of this  
19 section; and

20 (8) a licensee shall submit an application for  
21 renewal each year before the expiration date of the license,  
22 which shall include:

23 (a) a nonrefundable application fee of  
24 two thousand dollars (\$2,000), which shall be deposited into  
25 the cannabis regulation fund; and

1 (b) evidence demonstrating compliance  
2 with current requirements for program approval.

3 E. The director shall require each cannabis server  
4 permit education provider to post a surety bond in the amount  
5 of five thousand dollars (\$5,000). The director may, in the  
6 director's discretion, allow a provider to submit other  
7 evidence of financial responsibility satisfactory to the  
8 director in lieu of posting a surety bond.

9 F. The director shall within thirty days of receipt  
10 of a completed application issue or deny a cannabis server  
11 permit. The director shall issue a permit to each applicant  
12 who obtains a certificate of completion from a program approved  
13 by the director and who provides such other information as the  
14 director may require.

15 G. The director may, in the director's discretion,  
16 issue temporary cannabis server permits if circumstances  
17 warrant.

18 H. Every licensee shall have on the licensed  
19 premises at all times a copy of the cannabis server permit of  
20 the licensee and each permit holder then employed by the  
21 licensee and shall make copies available to the director and to  
22 the agents or employees of the department of public safety upon  
23 request; provided that the provisions of this subsection and  
24 Subsection I of this section shall not apply to cannabis  
25 testing laboratory licensees, cannabis research laboratory

1 licensees, cannabis training and education program licensees  
2 and cannabis server permit education provider licensees.

3 I. Failure to produce a copy of a cannabis server  
4 permit is prima facie evidence that the permit has not been  
5 issued and shall subject the licensee to fines and penalties as  
6 determined by rule adopted by the director.

7 J. A cannabis server permit is the property of the  
8 state and shall be immediately returned to the division upon  
9 termination of employment or upon revocation or termination of  
10 a permit holder's permit or license.

11 K. Cannabis server permits shall be valid for a  
12 period of three years from the date the permit is issued and  
13 may be renewed upon providing proof that the permit holder has  
14 successfully completed ten hours of continuing education and an  
15 examination as determined by the director.

16 L. A cannabis server permit holder shall display  
17 the permit on the holder's person at all times when on duty.

18 M. In addition to any other penalties provided by  
19 law, the following penalties may be imposed for sales to a  
20 person under twenty-one years of age in violation of the  
21 provisions of the Cannabis Regulation Act or rules of the  
22 division:

23 (1) the director may suspend a cannabis server  
24 permit for a period of thirty days or fine the server in an  
25 amount not to exceed five hundred dollars (\$500), or both, when

1 the director finds that the server is guilty of a first offense  
2 of selling, serving or dispensing a cannabis product to a  
3 person under twenty-one years of age;

4 (2) the director shall suspend a cannabis  
5 server permit for a period of one year when the director finds  
6 that the server is guilty of a second offense of selling,  
7 serving or dispensing a cannabis product to a person under  
8 twenty-one years of age in violation of the Cannabis Regulation  
9 Act arising separately from the incident giving rise to the  
10 server's first offense;

11 (3) the director shall permanently revoke a  
12 cannabis server permit when the director finds that the server  
13 is guilty of a third offense of selling, serving or dispensing  
14 a cannabis product to a person under twenty-one years of age in  
15 violation of the Cannabis Regulation Act arising separately  
16 from the incidents giving rise to the server's first and second  
17 offenses; and

18 (4) no person whose cannabis server permit is  
19 suspended pursuant to the provisions of this section shall  
20 offer, sell, serve, dispense, cultivate, manufacture, test or  
21 transport cannabis or a cannabis product during the period of  
22 suspension.

23 N. Nothing in this section shall be interpreted to  
24 waive a licensee's liability that may otherwise arise pursuant  
25 to the provisions of the Cannabis Regulation Act.

1           0. Any person aggrieved by an action taken by the  
2 director pursuant to this section may request and receive a  
3 hearing for the purpose of reviewing the action. To obtain a  
4 hearing, the aggrieved person shall file a request for a  
5 hearing with the director within thirty days after the date the  
6 action is taken. Failure to file the request within the  
7 specified time is an irrevocable waiver of the right to a  
8 hearing, and the action complained of shall be final with no  
9 further right to review, either administratively or by a court.  
10 Hearings shall be conducted in accordance with the provisions  
11 of the Uniform Licensing Act.

12           SECTION 13. [NEW MATERIAL] LOCAL CONTROL.--

13           A. A local jurisdiction may:

14                   (1) adopt reasonable time, place and manner  
15 rules that do not conflict with the Cannabis Regulation Act or  
16 the Dee Johnson Clean Indoor Air Act, including rules that  
17 reasonably limit density of licenses and operating times  
18 consistent with neighborhood uses;

19                   (2) allow for the smoking, vaporizing and  
20 ingesting of cannabis products within an indoor or outdoor  
21 cannabis consumption area on the licensed premises of a  
22 cannabis retailer or integrated cannabis microbusiness if:

23                           (a) unless licensed pursuant to the Lynn  
24 and Erin Compassionate Use Act, access to the cannabis  
25 consumption area is restricted to persons twenty-one years of

1 age and older;

2 (b) cannabis consumption is not visible  
3 from any public place or from outside the cannabis consumption  
4 area; and

5 (c) the cannabis retailer or integrated  
6 cannabis microbusiness is located at a minimum distance as  
7 determined by the local jurisdiction, but which distance shall  
8 be three hundred feet or more from a school, church or daycare  
9 center that was in existence at the time the retailer or  
10 microbusiness was licensed; and

11 (3) limit or prohibit public advertisement and  
12 marketing of cannabis products; provided that a local  
13 jurisdiction shall not prohibit or unreasonably limit signage  
14 attached to or located on licensed premises that identify the  
15 premises as a cannabis establishment.

16 B. A local jurisdiction shall not:

17 (1) prevent transportation of cannabis  
18 products on public roads by a licensee that transports cannabis  
19 products in compliance with the Cannabis Regulation Act; or

20 (2) completely prohibit the operation of any  
21 category of license.

22 SECTION 14. [NEW MATERIAL] LICENSEE PROTECTIONS.--

23 A. Conduct by a licensee or a licensee  
24 representative that is allowed pursuant to a license and  
25 conduct by a person who allows property to be used by a

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1 licensee or a licensee representative for conduct allowed  
2 pursuant to a license is lawful, not a violation of state or  
3 local law and is not a basis for seizure or forfeiture of any  
4 property or assets under state or local law.

5 B. The state or a local jurisdiction shall not  
6 impose a criminal, civil or administrative penalty on a  
7 licensee or a licensee representative or on a person who allows  
8 property to be used by a licensee or a licensee representative  
9 pursuant to a license, solely for conduct allowed pursuant to a  
10 license.

11 SECTION 15. [NEW MATERIAL] PROTECTION OF UNDERAGE  
12 PERSONS--TRAFFICKING--PENALTIES.--

13 A. A person who is not a licensee and who is  
14 eighteen years of age or older shall not intentionally traffic  
15 a cannabis product to a person who is under twenty-one years of  
16 age and who is two or more years younger than the person. A  
17 person who traffics a cannabis product in violation of this  
18 subsection is, for the first offense, guilty of a misdemeanor  
19 and shall be sentenced pursuant to Section 31-19-1 NMSA 1978  
20 and, for second and subsequent offenses, guilty of a fourth  
21 degree felony and shall be sentenced pursuant to Section  
22 31-18-15 NMSA 1978.

23 B. A licensee shall not employ a person younger  
24 than eighteen years of age to engage in a commercial cannabis  
25 activity.



1           C. Except as allowed in the Cannabis Regulation Act  
2 or the Lynn and Erin Compassionate Use Act, a licensee shall  
3 not sell a cannabis product to a person younger than twenty-one  
4 years of age. The division shall suspend or revoke the license  
5 and may fine the licensee in an amount not to exceed ten  
6 thousand dollars (\$10,000), or both, when the division finds  
7 that any licensee or the licensee's employee or agent knowingly  
8 has sold, served or given any cannabis product to a person  
9 under twenty-one years of age on two separate occasions within  
10 any twelve-month period.

11           D. The establishment of all of the following facts  
12 by a licensee prosecuted for a violation of Subsection C of  
13 this section shall constitute a defense:

14                   (1) that the purchaser falsely represented in  
15 writing; by producing a driver's license bearing the  
16 purchaser's photograph; by producing a photographic  
17 identification card issued by the motor vehicle division of the  
18 taxation and revenue department; or by producing a similar  
19 identification card issued pursuant to the laws of this state,  
20 another state, the federal government or the government of an  
21 Indian nation, tribe or pueblo that the person was twenty-one  
22 years of age or older;

23                   (2) that the purchaser's appearance was such  
24 that an ordinary, prudent person would believe that the  
25 purchaser was twenty-one years of age or older; and

1 (3) that the sale was made in good faith,  
2 relying upon the purchaser's false written representation,  
3 driver's license or identification card produced as provided in  
4 Paragraph (1) of this subsection, and with the reasonable  
5 belief that the purchaser was actually twenty-one years of age  
6 or older.

7 E. Nothing in this section shall be construed or  
8 interpreted to prevent:

9 (1) the division from enforcing its rules  
10 against a licensee;

11 (2) a state agency from enforcing a law or  
12 rule that does not conflict with the Cannabis Regulation Act or  
13 rules promulgated pursuant to that act; or

14 (3) a local jurisdiction from enforcing a  
15 local ordinance that does not conflict with the Cannabis  
16 Regulation Act or rules promulgated pursuant to that act.

17 F. For the purposes of this section, "traffic"  
18 means the:

19 (1) distribution, sale, barter or giving away  
20 of cannabis; or

21 (2) possession with intent to distribute,  
22 sell, barter or give away cannabis.

23 SECTION 16. [NEW MATERIAL] DISTRIBUTION AND TRANSPORT.--  
24 The Cannabis Regulation Act shall not be construed to authorize  
25 a licensee to transport or distribute, or cause to be

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1 transported or distributed, cannabis products outside of the  
2 state, unless authorized by federal law.

3 SECTION 17. [NEW MATERIAL] TRANSPORT VIA COURIER.--

4 A. Only a cannabis retailer, cannabis manufacturer,  
5 integrated cannabis microbusiness or cannabis courier may  
6 courier cannabis products.

7 B. A consumer who requests courier service shall  
8 maintain a physical or electronic copy of the courier request  
9 for the duration of time that the consumer possesses the  
10 cannabis product that was purchased and received from the  
11 courier and shall make the copy available upon request by the  
12 division or a law enforcement officer.

13 SECTION 18. [NEW MATERIAL] PACKAGING AND LABELING.--

14 Before sale or transport via cannabis courier of a cannabis  
15 product, the cannabis product shall be labeled and packaged as  
16 provided in Section 19 of the Cannabis Regulation Act.

17 SECTION 19. [NEW MATERIAL] CANNABIS PRODUCTS--PACKAGING  
18 AND LABELING--DEPARTMENT OF ENVIRONMENT.--

19 A. Cannabis products shall be homogenized to ensure  
20 uniform disbursement of cannabinoids throughout the product.

21 B. Cannabis or cannabis extracts included in a  
22 cannabis product that is manufactured in compliance with  
23 applicable law are not considered to be an adulterant under  
24 state law.

25 C. The department of environment shall adopt and

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1 promulgate rules for cannabis products that establish labeling  
2 and packaging requirements, including that:

3 (1) packages shall be resealable, child-  
4 resistant, compostable and recyclable or made from recycled  
5 materials;

6 (2) packages and labels shall not be designed  
7 to be appealing to a child; and

8 (3) labels shall include:

9 (a) for a package containing only  
10 cannabis leaf or flower, the net weight of cannabis in the  
11 package;

12 (b) identification of the licensee or  
13 licensees that produced or manufactured the cannabis product,  
14 the date on which the cannabis was harvested, the type of  
15 cannabis product and the date on which the cannabis product was  
16 manufactured and packaged;

17 (c) serving size, potency and pesticide  
18 use;

19 (d) a list of pharmacologically active  
20 ingredients;

21 (e) for cannabis products containing  
22 non-cannabis ingredients, a list of all ingredients and a  
23 disclosure of nutritional information for the product or  
24 cannabis extract, disclosed in the same manner required under  
25 federal law for nutritional labeling for food for human

consumption;

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

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

(h) a warning of possible adverse effects of consumption and the New Mexico poison and drug information center phone number.

**SECTION 20.** [NEW MATERIAL] DEPARTMENT OF ENVIRONMENT-- OCCUPATIONAL HEALTH AND SAFETY.--The department of environment shall review and, if necessary, prepare proposed occupational health and safety rules for persons working in the cannabis industry for consideration by the environmental improvement board.

**SECTION 21.** [NEW MATERIAL] CANNABIS MANUFACTURERS AND RESEARCH AND TESTING LABORATORIES--DEPARTMENT OF ENVIRONMENT-- RULEMAKING.--

A. The division, with the assistance of the department of environment, shall promulgate rules to govern the licensing of a cannabis manufacturer, a cannabis research laboratory and a cannabis testing laboratory.

B. The division shall issue licenses as follows:

(1) "cannabis manufacturer" for a site that

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1 manufactures cannabis products;

2 (2) "cannabis research laboratory" for a  
3 facility that produces or possesses cannabis, including all  
4 parts of the plant genus Cannabis, for the purpose of studying  
5 cannabis cultivation, characteristics or uses. An owner or  
6 person with an ownership interest in a cannabis research  
7 laboratory license shall not own or have ownership interest in  
8 a non-laboratory cannabis establishment licensed pursuant to  
9 the Cannabis Regulation Act; and

10 (3) "cannabis testing laboratory" for a  
11 licensee that tests cannabis products. An owner or person with  
12 an ownership interest in a cannabis testing laboratory license  
13 shall not own or have ownership interest in a non-laboratory  
14 cannabis establishment licensed pursuant to the Cannabis  
15 Regulation Act.

16 C. Except as otherwise provided by law, a cannabis  
17 product shall not be sold by a licensee unless a representative  
18 sample of the cannabis product has been tested by a cannabis  
19 testing laboratory to determine:

20 (1) whether the chemical profile of the sample  
21 conforms to the labeled content of compounds, including:

- 22 (a) delta-9-tetrahydrocannabinol;
- 23 (b) delta-9-tetrahydrocannabinolic acid;
- 24 (c) cannabidiol;
- 25 (d) cannabidiolic acid;

1 (e) cannabigerol; and

2 (f) cannabinol; and

3 (2) that the presence of contaminants does not  
4 exceed harmful levels, including:

5 (a) residual solvents or chemicals,  
6 including explosive gases such as butane and propane, and  
7 poisons, toxins or carcinogens such as methanol, methylene  
8 chloride, acetone, benzene, toluene and trichloroethylene;

9 (b) foreign material, including hair,  
10 insects or other similar adulterants; and

11 (c) microbiological impurity, including  
12 total aerobic microbial count; total yeast mold count;  
13 pseudomonas aeruginosa; aspergillus species; staphylococcus  
14 aureus; aflatoxin B1, B2, G1 or G2; or ochratoxin A.

15 D. Residual levels of volatile organic compounds  
16 shall not exceed harmful levels.

17 E. The testing required by this section shall be  
18 performed in a manner consistent with general requirements for  
19 the competence of testing and calibration activities, including  
20 sampling, using standard methods to ensure conformity,  
21 competence and impartiality to test cannabis products.

22 SECTION 22. [NEW MATERIAL] TESTING CANNABIS PRODUCTS--  
23 DEPARTMENT OF ENVIRONMENT.--

24 A. A cannabis testing laboratory's testing and  
25 sampling of cannabis products shall comply with the

1 requirements set forth in applicable law and rules.

2 B. The division shall develop rules and procedures  
3 to:

4 (1) ensure that testing of cannabis products  
5 occurs prior to distribution to cannabis retailers or sales by  
6 integrated cannabis microbusinesses;

7 (2) specify how often licensees shall test  
8 cannabis products;

9 (3) specify which entities bear the cost of  
10 testing cannabis products and medical cannabis;

11 (4) provide for recordkeeping;

12 (5) establish chain of custody protocols for  
13 testing sample transportation;

14 (6) ensure that testing samples are  
15 transported and stored in a manner that prevents degradation,  
16 contamination, tampering or diversion;

17 (7) specify protocols for testing sample  
18 collection that ensure accurate test results, including  
19 requiring that testing samples be collected by laboratory staff  
20 trained in testing sample collection; and

21 (8) require destruction of a harvested batch  
22 of cannabis or of cannabis products if the testing samples from  
23 the batch or items indicate noncompliance with applicable  
24 health and safety standards promulgated by the division, unless  
25 remedial measures can bring the cannabis or cannabis products

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1 into compliance with the standards.

2 C. Beginning no later than April 1, 2021, the  
3 department of environment shall identify and annually provide  
4 to the division a set of updated certified reference materials  
5 for laboratory testing to be measured against.

6 SECTION 23. [NEW MATERIAL] RESEARCHING CANNABIS--  
7 RULEMAKING.--

8 A. A cannabis research laboratory's research of  
9 cannabis shall comply with the requirements set forth in  
10 applicable law and rules.

11 B. The division shall develop rules and procedures  
12 to provide for recordkeeping to ensure that cannabis is not  
13 removed from the cannabis research laboratory premises.

14 SECTION 24. [NEW MATERIAL] ADVERTISING AND MARKETING  
15 RESTRICTIONS.--The division shall promulgate rules that:

16 A. prohibit the advertisement and marketing of  
17 cannabis products:

18 (1) on a billboard, radio, television or other  
19 broadcast media; provided that the division shall not prohibit  
20 advertising and marketing to:

21 (a) subscribers of subscription-based  
22 radio, television or other broadcast media who are twenty-one  
23 years of age or older; or

24 (b) persons twenty-one years of age or  
25 older who have solicited the advertising or marketing;

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1 (2) that is false, deceptive or misleading,  
2 including making health benefit claims not supported by the  
3 published results of research recognized by the federal food  
4 and drug administration;

5 (3) that depicts consumption by children or  
6 other persons who appear to be younger than twenty-one years of  
7 age;

8 (4) that is designed using cartoon characters  
9 or to mimic any other product brand;

10 (5) that is in or on the outside of a public  
11 transit vehicle or station;

12 (6) that is in the form of an unsolicited  
13 internet pop-up; or

14 (7) that is on publicly owned or operated  
15 property;

16 B. require:

17 (1) all advertisements and marketing to  
18 accurately and legibly identify the licensee responsible for  
19 its content; and

20 (2) advertisements in print and digital  
21 communications to be placed only where the audience is  
22 reasonably expected to be twenty-one years of age or older, as  
23 determined by reliable, current audience composition data; and

24 C. authorize and regulate the content of  
25 communications:

1 (1) provided to adults and persons under  
2 twenty-one years of age solely for educational purposes  
3 regarding the effects of cannabis use; and

4 (2) displayed or provided by a licensee in  
5 connection with sponsoring a business, community or charitable  
6 event; provided that the communication shall not include  
7 content designed to promote the use of a cannabis product.

8 SECTION 25. [NEW MATERIAL] CONTRACTS.--A contract related  
9 to operation of a license is enforceable, and a contract  
10 entered into by a licensee or a licensee representative for  
11 conduct allowed pursuant to a license or entered into by a  
12 person who allows property to be used by a licensee or a  
13 licensee representative for conduct allowed pursuant to a  
14 license shall not be deemed unenforceable on the basis that the  
15 conduct allowed pursuant to the license is prohibited by  
16 federal law.

17 SECTION 26. [NEW MATERIAL] PROVISION OF PROFESSIONAL  
18 SERVICES.--An attorney, accountant, insurance agent, real  
19 estate agent, security guard or other person engaged in a  
20 profession subject to state licensure shall not be subject to  
21 disciplinary action by a professional association, a state  
22 professional board or a state licensing entity because the  
23 professional provides professional services or assistance to  
24 prospective or licensed cannabis establishments or another  
25 person in connection with activity that the professional

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1 reasonably believes complies with the Cannabis Regulation Act  
2 and rules promulgated pursuant to that act.

3 SECTION 27. [NEW MATERIAL] MEDICAL CANNABIS PROVISIONS  
4 UNAFFECTED.--Nothing in the Cannabis Regulation Act shall be  
5 construed to limit a privilege or right of a qualified patient  
6 or a primary caregiver participating in the medical cannabis  
7 program.

8 SECTION 28. [NEW MATERIAL] PROTECTIONS FOR THE USE OF  
9 CANNABIS.--

10 A. Conduct allowed pursuant to the Cannabis  
11 Regulation Act shall not in itself constitute grounds for:

12 (1) intervention, removal or placement into  
13 state custody of a child in an individual's care pursuant to  
14 the Abuse and Neglect Act; or

15 (2) the provision of state prevention,  
16 diversion or intervention services to that individual's family  
17 pursuant to the Family Services Act.

18 B. A person shall not be denied custody of or  
19 visitation or parenting time with a child, and there is no  
20 presumption of neglect or child endangerment for conduct  
21 allowed pursuant to the Cannabis Regulation Act.

22 SECTION 29. [NEW MATERIAL] PERSONAL USE OF CANNABIS.--

23 A. Notwithstanding any other provision of law, the  
24 following conduct is lawful for a person who is twenty-one  
25 years of age or older and shall not constitute grounds for

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1 detention, search or arrest of a person or for a violation of  
2 probation or parole, and cannabis products that relate to the  
3 conduct are not contraband or subject to seizure or forfeiture  
4 pursuant to the Controlled Substances Act or the Forfeiture  
5 Act:

6 (1) possessing, using, being under the  
7 influence of, displaying, purchasing, obtaining or transporting  
8 not more than two ounces of cannabis flowers or sixteen grams  
9 of cannabis extract;

10 (2) transferring, without financial  
11 consideration, to a person who is twenty-one years of age or  
12 older not more than two ounces of cannabis flowers or sixteen  
13 grams of cannabis extract;

14 (3) possessing not more than two ounces of  
15 cannabis flowers and sixteen grams of cannabis extract within  
16 the person's private residence;

17 (4) smoking, ingesting or otherwise consuming  
18 cannabis or cannabis products;

19 (5) possessing, using, displaying, purchasing,  
20 obtaining, manufacturing, transporting or giving away to a  
21 person twenty-one years of age or older cannabis paraphernalia;  
22 and

23 (6) assisting another person who is twenty-one  
24 years of age or older in, or allowing property to be used in,  
25 any of the acts described in Paragraphs (1) through (5) of this

1 subsection.

2 B. Paragraphs (5) and (6) of Subsection A of this  
3 section are intended to meet the requirements of 21 U.S.C.  
4 Section 863(f) by authorizing, under state law, any person in  
5 compliance with this section to manufacture, possess or  
6 distribute cannabis paraphernalia.

7 C. Except as provided in Subsection D of this  
8 section, none of the following shall, individually or in  
9 combination with each other, constitute reasonable articulable  
10 suspicion of a crime:

11 (1) the odor of cannabis or cannabis extracts  
12 or of burnt cannabis or cannabis extracts;

13 (2) the possession of or the suspicion of  
14 possession of cannabis without evidence of quantity in excess  
15 of two ounces of cannabis flowers;

16 (3) the possession of multiple containers of  
17 cannabis without evidence of quantity in excess of two ounces  
18 of cannabis flowers;

19 (4) the possession of or the suspicion of  
20 possession of cannabis extracts without evidence of quantity in  
21 excess of sixteen grams;

22 (5) the possession of multiple containers of  
23 cannabis extracts without evidence of quantity in excess of  
24 sixteen grams; or

25 (6) the possession of cannabis or cannabis

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1 extracts in proximity to any amount of cash or currency without  
2 evidence of cannabis quantity in excess of two ounces of  
3 cannabis flowers or cannabis extracts quantity in excess of  
4 sixteen grams.

5 D. Subsection C of this section shall not apply  
6 when a law enforcement officer is investigating whether a  
7 person is operating or in physical control of a vehicle or  
8 watercraft while intoxicated, under the influence of or  
9 impaired by alcohol or a drug or any combination thereof in  
10 violation of Section 66-8-102 or 66-13-3 NMSA 1978.

11 SECTION 30. [NEW MATERIAL] LIMITS ON PERSONAL  
12 CONSUMPTION--PENALTIES.--

13 A. Nothing in Section 29 of the Cannabis Regulation  
14 Act shall be construed to:

15 (1) allow a person to smoke cannabis or  
16 cannabis products in a public place, except in a cannabis  
17 consumption area; or

18 (2) restrict the ability of an individual or  
19 private entity to prohibit conduct otherwise allowed in Section  
20 29 of the Cannabis Regulation Act on the individual's or  
21 private entity's privately owned property.

22 B. A person who violates Paragraph (1) of  
23 Subsection A of this section shall be subject to a civil  
24 penalty of fifty dollars (\$50.00).

25 C. For purposes of this section, "smoke" means to

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1 inhale, exhale, burn or carry any lighted or heated device or  
2 pipe or any other lighted or heated cannabis product intended  
3 for inhalation, whether natural or synthetic, in any manner or  
4 in any form.

5 SECTION 31. [NEW MATERIAL] PERSONAL PRODUCTION OF  
6 CANNABIS PROHIBITED--PENALTIES.--

7 A. Except as provided in the Lynn and Erin  
8 Compassionate Use Act and the Cannabis Regulation Act, it is  
9 unlawful for a person intentionally to produce cannabis.

10 B. A person who violates this section with respect  
11 to:

12 (1) up to three mature female cannabis plants  
13 and any combination of six seedlings or male plants shall be  
14 issued a penalty assessment pursuant to Section 31-19A-1 NMSA  
15 1978 and is subject to a fine of fifty dollars (\$50.00); and

16 (2) more than three mature female cannabis  
17 plants and any combination of six seedlings or male plants is  
18 guilty of a fourth degree felony and shall be sentenced  
19 pursuant to the provisions of Section 31-18-15 NMSA 1978.

20 C. A minor who violates this section with respect  
21 to:

22 (1) up to three mature female cannabis plants  
23 and any combination of six seedlings or male plants shall be  
24 issued a penalty assessment pursuant to Section 31-19A-1 NMSA  
25 1978 and is subject to a fine of fifty dollars (\$50.00); and

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1 (2) more than three mature female cannabis  
2 plants and any combination of six seedlings or male plants  
3 shall be punished pursuant to the provisions of Section  
4 32A-2-19 NMSA 1978.

5 D. As used in this section:

6 (1) "mature female cannabis plant" means a  
7 female cannabis plant that has an observable flower or bud; and

8 (2) "minor" means a person who is less than  
9 eighteen years of age.

10 SECTION 32. [NEW MATERIAL] UNLICENSED SALES OF CANNABIS--  
11 PENALTIES.--

12 A. Except as allowed in the Cannabis Regulation Act  
13 and the Lynn and Erin Compassionate Use Act, it is unlawful for  
14 a person without a license to intentionally traffic cannabis  
15 products.

16 B. A person under eighteen years of age who  
17 violates Subsection A of this section shall be subject to:

18 (1) a fine of one hundred dollars (\$100);

19 (2) attendance at a four-hour evidence-based  
20 drug education program;

21 (3) four hours of community service; or

22 (4) restorative justice mediation.

23 C. Except as otherwise provided in Section 15 of  
24 the Cannabis Regulation Act, a person eighteen years of age or  
25 older who violates Subsection A of this section is guilty of a

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1 misdemeanor and shall be sentenced pursuant to the provisions  
2 of Section 31-19-1 NMSA 1978.

3 D. A person eighteen years of age or older who  
4 violates Subsection A of this section and who conducts  
5 unlicensed cannabis product sales from a building, room or  
6 other area open to the public in a manner that would lead a  
7 reasonable person to believe that the area is a cannabis  
8 establishment licensed pursuant to the Cannabis Regulation Act  
9 is guilty of a fourth degree felony and shall be sentenced  
10 pursuant to the provisions of Section 31-18-15 NMSA 1978.

11 E. As used in this section, "traffic"  
12 means the:

13 (1) distribution, sale, barter or giving away  
14 of cannabis products; or

15 (2) possession with intent to distribute,  
16 sell, barter or give away cannabis products.

17 SECTION 33. [NEW MATERIAL] CANNABIS WITHIN RESTRICTED  
18 AREA--PENALTY.--Except as allowed in the Cannabis Regulation  
19 Act and the Lynn and Erin Compassionate Use Act, a person shall  
20 not possess or intentionally distribute any amount of a  
21 cannabis product on the premises of a school, church or daycare  
22 center unless the person is a qualified patient or a qualified  
23 patient's primary caregiver; provided that this section shall  
24 not apply to a person who possesses a cannabis product for  
25 authorized purposes on the premises of a licensed cannabis

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1 training and education program. A person who violates this  
2 section is guilty of a misdemeanor and shall be sentenced  
3 pursuant to the provisions of Section 31-19-1 NMSA 1978.

4 SECTION 34. [NEW MATERIAL] UNLAWFUL POSSESSION OF  
5 CANNABIS--PENALTIES.--Except as allowed in the Cannabis  
6 Regulation Act and the Lynn and Erin Compassionate Use Act:

7 A. a person eighteen years of age or older and  
8 younger than twenty-one years of age shall not possess cannabis  
9 products. A person who violates this subsection shall be  
10 subject to:

11 (1) a fine of seventy-five dollars (\$75.00);

12 (2) attendance at a four-hour evidence-based  
13 drug education program;

14 (3) four hours of community service; or

15 (4) restorative justice mediation;

16 B. a person younger than eighteen years of age  
17 shall not possess cannabis products. A person who violates  
18 this subsection shall be subject to:

19 (1) a fine of fifty dollars (\$50.00);

20 (2) attendance at a four-hour evidence-based  
21 drug education program;

22 (3) four hours of community service; or

23 (4) restorative justice mediation; and

24 C. a person twenty-one years of age or older shall  
25 not possess more than two ounces of cannabis flowers or more

1 than sixteen grams of cannabis extracts. A person who violates  
2 this subsection with respect to:

3 (1) more than two and up to eight ounces of  
4 cannabis flowers or more than sixteen and up to sixty-four  
5 grams of cannabis extracts is guilty of a misdemeanor and shall  
6 be sentenced pursuant to the provisions of Section 31-19-1 NMSA  
7 1978; or

8 (2) more than eight ounces of cannabis flowers  
9 or more than sixty-four grams of cannabis extracts is guilty of  
10 a fourth degree felony and shall be sentenced pursuant to the  
11 provisions of Section 31-18-15 NMSA 1978.

12 SECTION 35. [NEW MATERIAL] UNLICENSED MANUFACTURING OF  
13 CANNABIS EXTRACTS--PENALTY.--It is unlawful for a person to  
14 manufacture cannabis extracts without a license issued pursuant  
15 to the Cannabis Regulation Act or the Lynn and Erin  
16 Compassionate Use Act. A person who violates this section is  
17 guilty of a fourth degree felony and shall be sentenced  
18 pursuant to the provisions of Section 31-18-15 NMSA 1978.

19 SECTION 36. [NEW MATERIAL] EXPUNGEMENT OF ARREST AND  
20 CONVICTION RECORDS--PROCEDURE.--

21 A. If a person is charged with any offense provided  
22 in Sections 31 through 35 of the Cannabis Regulation Act and  
23 the amount of cannabis product that is the basis of the charge  
24 is two ounces of cannabis flowers or sixteen grams of cannabis  
25 extract or less, whether or not the person is convicted, all

1 records held by a court, an agency of the state or a local  
2 jurisdiction that relate to the person's arrest or conviction  
3 shall be automatically expunged two years after the date of the  
4 person's conviction or the date of the person's arrest if there  
5 was no conviction. If the person is or was a juvenile at the  
6 time of the arrest or conviction, the records shall be retained  
7 for two years or until the person is eighteen years of age,  
8 whichever comes first, and shall then be expunged. The records  
9 shall also be removed from any statewide criminal databases.

10 B. After expungement of records pursuant to  
11 Subsection A of this section, a court, an agency of the state  
12 or a local jurisdiction shall treat the case as if it never  
13 occurred, and all index references to the case shall be  
14 deleted. The court, agency or local jurisdiction shall respond  
15 to an inquiry regarding the case that no record exists with  
16 respect to the referenced person with respect to that case.

17 **SECTION 37. [NEW MATERIAL] EXPUNGEMENT OF ARREST AND**  
18 **CONVICTION RECORDS--PROCEDURE--RETROACTIVE.--**

19 A. Records held by a court, an agency of the state  
20 or a local jurisdiction that relate to a person's arrest or  
21 conviction for trafficking cannabis in violation of Section  
22 30-31-20 NMSA 1978, distribution of cannabis or possession with  
23 intent to distribute cannabis in violation of Section 30-31-22  
24 NMSA 1978 or possession of cannabis in violation of Section  
25 30-31-23 NMSA 1978 shall not be kept beyond two years from the

1 date of the person's conviction or from the date of the  
2 person's arrest if there was no conviction. If the person was  
3 a juvenile at the time of the arrest or conviction, the records  
4 shall be retained until the offender is eighteen years of age  
5 and shall then be destroyed. The records shall also be removed  
6 from any statewide criminal databases.

7 B. If a person whose records would be subject to  
8 expungement pursuant to Subsection A of this section is  
9 incarcerated for an offense listed in that subsection at the  
10 time the person's records would be expunged, the two-year  
11 record retention period shall begin upon the person's release  
12 from incarceration.

13 C. For the purpose of this section, "records"  
14 includes records of arrests resulting in a criminal proceeding  
15 and records relating to other offenses charged in the  
16 accusatory pleading, whether the defendant was acquitted or  
17 convicted or the charges were dismissed.

18 SECTION 38. [NEW MATERIAL] RECALL OR DISMISSAL OF  
19 SENTENCES--INCARCERATED PERSONS.--

20 A. Within thirty days following the effective date  
21 of the Cannabis Regulation Act, a correctional facility, a  
22 county jail or a juvenile correctional facility in which a  
23 person is currently incarcerated for an offense that is no  
24 longer a crime pursuant to the provisions of the Cannabis  
25 Regulation Act, or that would have resulted in a lesser offense

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1 if that act had been in effect at the time of the offense,  
2 shall notify the court that the convicted person's case should  
3 be reopened to consider possible recall or dismissal of the  
4 person's sentence.

5 B. A court shall reopen a case pursuant to  
6 Subsection A of this section and recall the person's sentence  
7 or dismiss the person's sentence because it is legally invalid,  
8 unless the court determines that doing so would pose an  
9 unreasonable risk of danger to public safety.

10 C. A person who is resentenced pursuant to this  
11 section shall be given credit against the person's new sentence  
12 for time already served.

13 D. A person who is resentenced pursuant to this  
14 section shall not be sentenced to a term longer than the  
15 person's original sentence and shall not have any charges  
16 reinstated that were originally dismissed pursuant to a  
17 negotiated plea agreement.

18 E. A person who has completed the person's sentence  
19 for a conviction, whether by trial or negotiated plea, who  
20 would not have been guilty of an offense or who would have been  
21 guilty of a lesser offense if the Cannabis Regulation Act had  
22 been in effect at the time of the offense may notify the court  
23 in writing to have the conviction dismissed and sealed because  
24 the prior conviction is now legally invalid or redesignated as  
25 a penalty assessment citation. The court shall redesignate the

1 conviction as a penalty assessment citation or dismiss and seal  
2 the conviction as legally invalid because of the enactment of  
3 the Cannabis Regulation Act, unless the court makes a finding  
4 that the conviction is not legally invalid or was not  
5 redesignated as a penalty assessment citation pursuant to that  
6 act.

7 F. The court clerk shall notify the department of  
8 public safety that a case has been dismissed. Upon notice, the  
9 department of public safety shall erase the arrest record  
10 pertaining to the offense; provided that if the arrest included  
11 multiple charges, only the related charge shall be erased.

12 G. Nothing in this section is intended to diminish  
13 or abrogate any rights or remedies otherwise available to a  
14 person who was convicted of or incarcerated for an offense.

15 H. The provisions of this section shall apply  
16 equally to juvenile delinquency adjudications and convictions  
17 of a juvenile person if the juvenile would not have been guilty  
18 of an offense or would have been guilty of a lesser offense as  
19 provided in the Cannabis Regulation Act.

20 I. No fee or cost of any kind shall be imposed upon  
21 a person whose sentence is reviewed pursuant to this section.

22 SECTION 39. [NEW MATERIAL] WRIT OF MANDAMUS.--Any person  
23 may commence a legal action for a writ of mandamus to compel  
24 the division to perform its duties pursuant to the Cannabis  
25 Regulation Act.



1           **SECTION 40. [NEW MATERIAL] CANNABIS REGULATION FUND.--**

2           A. The "cannabis regulation fund" is created in the  
3 state treasury. The fund consists of appropriations, gifts,  
4 grants, donations and fees collected by the division pursuant  
5 to the Cannabis Regulation Act and the medical cannabis program  
6 administered by the division. Any unexpended or unencumbered  
7 balance remaining at the end of a fiscal year shall revert to  
8 the general fund.

9           B. Money in the cannabis regulation fund is subject  
10 to appropriation. The legislature may appropriate money in the  
11 fund to the division, the department of health, the department  
12 of environment, the New Mexico department of agriculture, the  
13 taxation and revenue department and the department of public  
14 safety to carry out the provisions of the Cannabis Regulation  
15 Act and the Lynn and Erin Compassionate Use Act.

16           **SECTION 41. [NEW MATERIAL] COMMUNITY GRANTS REINVESTMENT**  
17 **FUND--COMMUNITY GRANTS REINVESTMENT PROGRAM.--**

18           A. The "community grants reinvestment fund" is  
19 created in the state treasury. The fund consists of  
20 appropriations, other money deposited in the fund and money  
21 otherwise accruing to the fund. Income from the fund shall be  
22 credited to the fund. The department of health shall  
23 administer the fund, and money in the fund is subject to  
24 appropriation to the department of health for the community  
25 grants reinvestment program as described in this section. Any

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1 unexpended or unencumbered balance remaining at the end of a  
2 fiscal year shall not revert to the general fund. Money in the  
3 community grants reinvestment fund shall be disbursed on  
4 warrants signed by the secretary of finance and administration  
5 pursuant to vouchers signed by the secretary of health or the  
6 secretary's authorized representative.

7 B. The secretary of health shall establish the  
8 "community grants reinvestment program". The community grants  
9 reinvestment program shall provide grants to qualified  
10 community-based nonprofit organizations and governmental  
11 entities for the purposes of:

12 (1) developing and executing a comprehensive  
13 and sustained multilingual public education campaign that  
14 promotes abstinence from cannabis for persons under twenty-one  
15 years of age, encourages responsible use of cannabis by adults  
16 and promotes medical cannabis as a therapeutic option;

17 (2) reinvesting in communities  
18 disproportionately affected by past federal and state drug  
19 policies by supporting housing, job placement, mental health  
20 treatment, substance use disorder treatment and legal services  
21 to address barriers faced by formerly incarcerated persons,  
22 including for the expungement of records;

23 (3) funding public health and substance abuse  
24 prevention programming;

25 (4) funding housing that prioritizes people in

1 treatment or who are currently using substances;

2 (5) funding promising practices or evidence-  
3 based drug education programming based on the principles of  
4 harm reduction, including leadership development, family  
5 engagement and youth development, that is designed to prevent  
6 and reduce substance use, improve grades kindergarten through  
7 twelve school retention and performance and create economic  
8 security for families; and

9 (6) funding research related to medical and  
10 adult cannabis use effects or efficacy of medical and  
11 commercial cannabis; impacts on public health, health costs  
12 associated with cannabis use and whether cannabis use is  
13 associated with an increase or decrease in the use of alcohol  
14 or other drugs; the effectiveness of treatment for maladaptive  
15 cannabis use and the effectiveness of different treatment  
16 programs; public safety issues related to cannabis use; the  
17 effectiveness of the packaging and labeling requirements and  
18 advertising and marketing restrictions on the prevention of  
19 underage access to and use of cannabis products; cannabis use  
20 rates and maladaptive cannabis use rates for adults and youth  
21 and diagnosis rates of cannabis-related substance use  
22 disorders; and environmental issues related to cannabis  
23 production and the criminal prohibition of cannabis production.

24 C. A qualified community-based nonprofit  
25 organization or governmental entity may apply for a grant from

1 the community grants reinvestment fund. Applications shall be  
2 reviewed by the department of health.

3 SECTION 42. [NEW MATERIAL] LOW-INCOME MEDICAL PATIENT  
4 SUBSIDY FUND.--

5 A. The "low-income medical patient subsidy fund" is  
6 created in the state treasury. The fund consists of  
7 appropriations, other money deposited in the fund and money  
8 otherwise accruing to the fund. Income from the fund shall be  
9 credited to the fund. The department of health shall  
10 administer the fund, and money in the fund is subject to  
11 appropriation to the department of health. Any unexpended or  
12 unencumbered balance remaining at the end of a fiscal year  
13 shall not revert to the general fund.

14 B. The low-income medical patient subsidy fund is  
15 created for the purpose of supporting qualified patients  
16 participating in the medical cannabis program in accordance  
17 with the Lynn and Erin Compassionate Use Act who also  
18 participate in the medical cannabis subsidy program created  
19 pursuant to Section 4 of the Cannabis Regulation Act.

20 C. Money in the low-income medical patient subsidy  
21 fund shall be disbursed on warrants signed by the secretary of  
22 finance and administration pursuant to vouchers signed by the  
23 secretary of health or the secretary's authorized  
24 representative.

25 SECTION 43. [NEW MATERIAL] CANNABIS WORKFORCE TRAINING

1 FUND--WORKFORCE SOLUTIONS DEPARTMENT--CANNABIS TRAINING AND  
2 EDUCATION PROGRAMS.--

3 A. The "cannabis workforce training fund" is  
4 created in the state treasury. The fund shall consist of  
5 appropriations, gifts, grants, donations and bequests made to  
6 the fund. Income from the fund shall be credited to the fund.  
7 Any unexpended or unencumbered balance remaining at the end of  
8 a fiscal year shall not revert to the general fund.

9 B. The workforce solutions department shall  
10 administer the cannabis workforce training fund. Money in the  
11 fund is appropriated to that department to develop a plan on  
12 how to best prepare persons to engage in any commercial  
13 cannabis activity or any activity related to the medical  
14 cannabis program, to support public post-secondary educational  
15 institutions that choose to participate in a cannabis training  
16 and education program and to assist persons in gaining the  
17 training and experience necessary to engage in those  
18 activities.

19 C. The workforce solutions department shall develop  
20 a plan to assist in preparing persons to engage in any  
21 commercial cannabis activity or any activity related to the  
22 medical cannabis program. In developing the plan, the  
23 workforce solutions department shall request recommendations  
24 from members of the cannabis industry and any person or group  
25 that the workforce solutions department determines is

1 appropriate to inform the use of money in the cannabis  
2 workforce training fund. The workforce solutions department  
3 shall engage in consultation with the economic development  
4 department, the department of health, the higher education  
5 department and the Indian affairs department to develop the  
6 plan. The plan shall include provisions for developing  
7 education and customized training concerning any commercial  
8 cannabis activity or any activity related to the medical  
9 cannabis program to be offered by public post-secondary  
10 educational institutions pursuant to the Workforce Training  
11 Act. The plan shall include consideration of communities  
12 disproportionately affected by past federal and state drug  
13 policies, shall include outreach to those communities regarding  
14 business and job opportunities in the cannabis industry and  
15 shall include an annual evaluation of the participation and  
16 success in the industry by individuals from those communities  
17 and recommendations on how to improve that participation and  
18 success.

19 D. Expenditures from the cannabis workforce  
20 training fund shall be made pursuant to the plan and to the  
21 workforce solutions department to pay the costs of developing  
22 the plan, to support public post-secondary educational  
23 institutions that choose to participate in a cannabis training  
24 and education program and to assist persons in gaining the  
25 training and experience necessary to engage in those activities

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1 and for payment of costs associated with persons enrolling and  
2 participating in certified apprenticeship programs, cannabis  
3 training and education programs or for other programs designed  
4 to train or educate persons to participate in any commercial  
5 cannabis activity or any activity related to the medical  
6 cannabis program.

7 E. Money in the cannabis workforce training fund  
8 shall be expended on warrants of the secretary of finance and  
9 administration pursuant to vouchers signed by the secretary of  
10 workforce solutions or the secretary's designee.

11 SECTION 44. [NEW MATERIAL] CANNABIS INDUSTRY EQUITABLE  
12 OPPORTUNITY INVESTMENT FUND--ECONOMIC DEVELOPMENT DEPARTMENT.--

13 A. The "cannabis industry equitable opportunity  
14 investment fund" is created in the state treasury. The fund  
15 consists of appropriations, gifts, grants, donations and  
16 bequests made to the fund. Income from the fund shall be  
17 credited to the fund. Any unexpended or unencumbered balance  
18 remaining at the end of a fiscal year shall not revert to the  
19 general fund.

20 B. The economic development department shall  
21 administer the cannabis industry equitable opportunity  
22 investment fund, and money in the fund is appropriated to that  
23 department to:

24 (1) develop and implement a plan to provide  
25 financial assistance to support start-up businesses and to

1 expand existing businesses in or related to the cannabis  
2 industry that are owned by persons from communities  
3 disproportionately affected by past federal and state drug  
4 policies; and

5 (2) research and develop and, on or before  
6 December 1, 2021, propose new legislation or amendments to  
7 existing acts designed to provide financial assistance to  
8 support start-up businesses and to expand existing businesses  
9 engaged in any commercial cannabis activity or any activity  
10 related to the medical cannabis program that are owned by  
11 persons from communities disproportionately affected by past  
12 federal and state drug policies.

13 C. Money in the cannabis industry equitable  
14 opportunity investment fund shall be expended on warrants of  
15 the secretary of finance and administration pursuant to  
16 vouchers signed by the secretary of economic development or the  
17 secretary's designee.

18 SECTION 45. [NEW MATERIAL] EXEMPTION FROM CRIMINAL AND  
19 CIVIL PENALTIES--RESEARCHERS.--A person shall not be subject to  
20 arrest or prosecution, penalized in any manner or denied any  
21 right or privilege solely because the person produced,  
22 possessed, distributed, dispensed or purchased cannabis from a  
23 person licensed pursuant to the Lynn and Erin Compassionate Use  
24 Act or the Cannabis Regulation Act if the person produced,  
25 possessed, distributed, dispensed or purchased the cannabis



1 solely for the purpose of research conducted pursuant to the  
2 Lynn and Erin Compassionate Use Act or the Cannabis Regulation  
3 Act.

4 SECTION 46. [NEW MATERIAL] INDIAN NATIONS, TRIBES AND  
5 PUEBLOS--INTERGOVERNMENTAL AGREEMENTS.--The department may  
6 enter into an intergovernmental agreement with any sovereign  
7 Indian nation, tribe or pueblo located in New Mexico that  
8 elects to implement the provisions of the Cannabis Regulation  
9 Act. The intergovernmental agreement shall provide for:

10 A. any assistance from the department that an  
11 Indian nation, tribe or pueblo may request in implementing its  
12 own commercial cannabis program within the boundaries of that  
13 Indian nation, tribe or pueblo and that the department agrees  
14 to provide; and

15 B. guidelines for compliance with department rules  
16 or compliance with separate express provisions of the  
17 intergovernmental agreement to govern the rights and the  
18 responsibilities of the department and an Indian nation, tribe  
19 or pueblo when that Indian nation, tribe or pueblo transports  
20 or sells commercial cannabis outside of the boundaries of that  
21 Indian nation, tribe or pueblo.

22 SECTION 47. A new section of the Public School Code is  
23 enacted to read:

24 "[NEW MATERIAL] SUBSTANCE ABUSE EDUCATION.--The department  
25 shall require that, by January 1, 2022, all public and charter

1 schools annually provide to students in eighth through twelfth  
2 grades evidence-based drug education programs that are based on  
3 principles of harm reduction and are designed to prevent and  
4 reduce substance use and improve school retention and  
5 performance."

6 SECTION 48. [NEW MATERIAL] ROADSIDE DRUG TESTING--PILOT  
7 PROJECT.--

8 A. On or before October 1, 2020, the department of  
9 public safety shall establish a pilot project to determine  
10 through roadside testing using an oral fluid test instrument  
11 whether an individual is operating a vehicle while under the  
12 influence of a drug in violation of Section 66-8-102 NMSA 1978.  
13 The pilot project established pursuant to this section shall be  
14 for a period of one calendar year.

15 B. Not more than ninety days after the conclusion  
16 of the pilot project established pursuant to this section, the  
17 department of public safety shall submit a report to the  
18 appropriate legislative committee. The report shall include:

19 (1) relevant statistical data, including:

20 (a) the number of traffic stops  
21 resulting in an arrest for operating under the influence of a  
22 drug in violation of Section 66-8-102 NMSA 1978 as a result of  
23 the pilot project;

24 (b) the number and type of convictions  
25 resulting from arrests made as a result of the pilot project;

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1 and

2 (c) the race, ethnicity, age and gender  
3 of each person arrested or convicted as a result of the pilot  
4 project; and

5 (2) an overview of the results of the pilot  
6 project and recommendations regarding whether to continue the  
7 pilot project or to postpone, abandon or implement roadside  
8 testing using an oral fluid test instrument.

9 SECTION 49. [NEW MATERIAL] SHORT TITLE.--Sections 49  
10 through 56 of this act may be cited as the "Cannabis Tax Act".

11 SECTION 50. [NEW MATERIAL] DEFINITIONS.--As used in the  
12 Cannabis Tax Act:

13 A. "cannabis":

14 (1) means all parts of the plant genus  
15 Cannabis containing a delta-9-tetrahydrocannabinol  
16 concentration of more than three-tenths percent on a dry weight  
17 basis, whether growing or not; the seeds of the plant; the  
18 resin extracted from any part of the plant; and every compound,  
19 manufacture, salt, derivative, mixture or preparation of the  
20 plant, its seeds or its resin; and

21 (2) does not include:

22 (a) the mature stalks of the plant;  
23 fiber produced from the stalks; oil or cake made from the seeds  
24 of the plant; any other compound, manufacture, salt,  
25 derivative, mixture or preparation of the mature stalks, fiber,

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1 oil or cake; or the sterilized seed of the plant that is  
2 incapable of germination; or

3 (b) the weight of any other ingredient  
4 combined with cannabis to prepare topical or oral  
5 administrations, food, drink or another product;

6 B. "cannabis extract":

7 (1) means a product obtained by separating  
8 resins from cannabis by solvent extraction using solvents other  
9 than vegetable glycerin, such as butane, hexane, isopropyl  
10 alcohol, ethanol or carbon dioxide; and

11 (2) does not include the weight of any other  
12 ingredient combined with cannabis extract to prepare topical or  
13 oral administrations, food, drink or another product;

14 C. "cannabis product":

15 (1) means a product that is or that contains  
16 cannabis or cannabis extracts, including edible or topical  
17 products that may also contain other ingredients; and

18 (2) does not include the weight of any other  
19 ingredient combined with cannabis or cannabis extracts to  
20 prepare topical or oral administrations, food, drink or another  
21 product;

22 D. "cannabis retailer" means a person that is  
23 licensed by the cannabis control division of the regulation and  
24 licensing department to sell and courier cannabis products to a  
25 person who purchases, acquires, possesses or uses a cannabis

1 product for a purpose other than resale;

2 E. "county area" means that portion of a county  
3 located outside the boundaries of any municipality, except that  
4 for H class counties, "county area" means the entire county;

5 F. "department" means the taxation and revenue  
6 department; and

7 G. "licensee" means a person who holds a license  
8 issued pursuant to the Cannabis Regulation Act.

9 SECTION 51. [NEW MATERIAL] CANNABIS EXCISE TAX.--

10 A. An excise tax is imposed on a cannabis retailer  
11 that sells cannabis products in this state on which the tax  
12 imposed by this section has not been paid. The tax imposed by  
13 this section may be referred to as the "cannabis excise tax".

14 B. The rate of the cannabis excise tax is nine  
15 percent and is applied to the price paid for the cannabis  
16 product. If the price paid does not represent the value of the  
17 cannabis product, the tax rate shall be applied to the  
18 reasonable value of the cannabis product at the time the  
19 product was purchased.

20 C. The cannabis excise tax shall not apply to  
21 retail sales of medical cannabis products sold to a qualified  
22 patient or to a primary caregiver who presents a registry  
23 identification card issued pursuant to the Lynn and Erin  
24 Compassionate Use Act at the time of the sale.

25 SECTION 52. [NEW MATERIAL] MUNICIPAL CANNABIS TAX.--

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1           A. A majority of the members of the governing body  
2 of a municipality may enact an ordinance imposing an excise tax  
3 on a cannabis retailer that sells cannabis products in the  
4 municipality on which the tax imposed by this section has not  
5 been paid. The tax imposed pursuant to this section may be  
6 referred to as the "municipal cannabis tax".

7           B. The imposition of an increment of the municipal  
8 cannabis tax shall not be subject to referendum.

9           C. The rate of the municipal cannabis tax shall be  
10 no more than four percent, which may be imposed in any number  
11 of one-sixteenth percent increments, and is applied to the  
12 price of the cannabis product. If the price of the cannabis  
13 product does not represent the value of the cannabis product,  
14 the tax rate shall be applied to the reasonable value of the  
15 cannabis product at the time the cannabis product was  
16 purchased.

17           D. The governing body of a municipality, at the  
18 time of enacting an ordinance imposing a municipal cannabis  
19 tax, may dedicate the revenue for any municipal purpose.

20           E. An ordinance enacted pursuant to this section  
21 shall include an effective date of July 1 or January 1.

22           SECTION 53. [NEW MATERIAL] COUNTY CANNABIS TAX.--

23           A. The majority of the members of the governing  
24 body of a county may enact an ordinance imposing an excise tax  
25 on a cannabis retailer that sells cannabis products in the

1 county area on which the tax imposed by this section has not  
2 been paid. The tax imposed pursuant to this section may be  
3 referred to as the "county cannabis tax".

4 B. The imposition of an increment of the county  
5 cannabis tax shall not be subject to referendum.

6 C. The rate of the county cannabis tax shall be no  
7 more than four percent, which may be imposed in any number of  
8 one-sixteenth percent increments, and is applied to the price  
9 of the cannabis product. If the price of the cannabis product  
10 does not represent the value of the cannabis product, the tax  
11 rate shall be applied to the reasonable value of the cannabis  
12 product at the time the cannabis product was purchased.

13 D. The governing body of a county, at the time of  
14 enacting an ordinance imposing a county cannabis tax, may  
15 dedicate the revenue for any county purpose.

16 E. An ordinance enacted pursuant to this section  
17 shall include an effective date of July 1 or January 1.

18 SECTION 54. [NEW MATERIAL] DATE PAYMENT DUE.--The taxes  
19 imposed pursuant to the Cannabis Tax Act are to be paid on or  
20 before the twenty-fifth day of the month following the month in  
21 which the taxable event occurs.

22 SECTION 55. [NEW MATERIAL] ADMINISTRATIVE CHARGE.--The  
23 department may deduct an amount not to exceed three percent of  
24 the proceeds of the municipal cannabis tax and county cannabis  
25 tax as a charge for the administrative costs of collection,

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1 which amount shall be retained by the department for use in  
2 administration of those taxes.

3 SECTION 56. [NEW MATERIAL] INTERPRETATION OF ACT--  
4 ADMINISTRATION AND ENFORCEMENT OF TAX.--The department shall  
5 administer and enforce the collection of the cannabis excise  
6 tax, municipal cannabis tax and county cannabis tax pursuant to  
7 the Tax Administration Act.

8 SECTION 57. A new section of the Tax Administration Act  
9 is enacted to read:

10 "[NEW MATERIAL] DISTRIBUTION--CANNABIS EXCISE TAX.--

11 A. A distribution pursuant to Section 7-1-6.1 NMSA  
12 1978 shall be made to the cannabis industry equitable  
13 opportunity investment fund in an amount equal to six percent  
14 of the net receipts attributable to the cannabis excise tax.

15 B. A distribution pursuant to Section 7-1-6.1 NMSA  
16 1978 shall be made to the low-income medical patient subsidy  
17 fund in an amount equal to twenty percent of the net receipts  
18 attributable to the cannabis excise tax.

19 C. A distribution pursuant to Section 7-1-6.1 NMSA  
20 1978 shall be made to the community grants reinvestment fund in  
21 an amount equal to thirty-five percent of the net receipts  
22 attributable to the cannabis excise tax.

23 D. A distribution pursuant to Section 7-1-6.1 NMSA  
24 1978 shall be made to the cannabis workforce training fund in  
25 an amount equal to three percent of the net receipts

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1 attributable to the cannabis excise tax.

2 E. A distribution pursuant to Section 7-1-6.1 NMSA  
3 1978 shall be made to the law enforcement protection fund in an  
4 amount equal to sixteen and one-half percent of the net  
5 receipts attributable to the cannabis excise tax.

6 F. A distribution pursuant to Section 7-1-6.1 NMSA  
7 1978 shall be made to the impaired driving education fund in an  
8 amount equal to one and one-half percent of the net receipts  
9 attributable to the cannabis excise tax.

10 G. A distribution pursuant to Section 7-1-6.1 NMSA  
11 1978 shall be made to the human services department in an  
12 amount equal to eighteen percent of the net receipts  
13 attributable to the cannabis excise tax for statewide substance  
14 use disorder treatment."

15 SECTION 58. A new section of the Tax Administration Act  
16 is enacted to read:

17 "[NEW MATERIAL] TRANSFER--REVENUES FROM MUNICIPAL CANNABIS  
18 TAX AND COUNTY CANNABIS TAX.--

19 A. A transfer pursuant to Section 7-1-6.1 NMSA 1978  
20 shall be made to each municipality for which the department is  
21 collecting a municipal cannabis tax imposed by that  
22 municipality in an amount, subject to any increase or decrease  
23 made pursuant to Section 7-1-6.15 NMSA 1978, equal to the net  
24 receipts attributable to the municipal cannabis tax, less any  
25 deduction for administrative costs determined and made by the

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1 department pursuant to the Cannabis Tax Act.

2 B. A transfer pursuant to Section 7-1-6.1 NMSA 1978  
3 shall be made to each county for which the department is  
4 collecting a county cannabis tax imposed by that county in an  
5 amount, subject to any increase or decrease made pursuant to  
6 Section 7-1-6.15 NMSA 1978, equal to the net receipts  
7 attributable to the county cannabis tax, less any deduction for  
8 administrative costs determined and made by the department  
9 pursuant to the Cannabis Tax Act."

10 SECTION 59. Section 7-1-2 NMSA 1978 (being Laws 1965,  
11 Chapter 248, Section 2, as amended by Laws 2019, Chapter 47,  
12 Section 1 and by Laws 2019, Chapter 53, Section 10 and also by  
13 Laws 2019, Chapter 270, Section 1) is amended to read:

14 "7-1-2. APPLICABILITY.--The Tax Administration Act  
15 applies to and governs:

16 A. the administration and enforcement of the  
17 following taxes or tax acts as they now exist or may hereafter  
18 be amended:

- 19 (1) Income Tax Act;  
20 (2) Withholding Tax Act;  
21 (3) Oil and Gas Proceeds and Pass-Through  
22 Entity Withholding Tax Act;  
23 (4) Gross Receipts and Compensating Tax Act,  
24 Interstate Telecommunications Gross Receipts Tax Act and Leased  
25 Vehicle Gross Receipts Tax Act;

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- 1 (5) Liquor Excise Tax Act;
- 2 (6) Local Liquor Excise Tax Act;
- 3 (7) any municipal local option gross receipts
- 4 tax or municipal compensating tax;
- 5 (8) any county local option gross receipts tax
- 6 or county compensating tax;
- 7 (9) Special Fuels Supplier Tax Act;
- 8 (10) Gasoline Tax Act;
- 9 (11) petroleum products loading fee, which fee
- 10 shall be considered a tax for the purpose of the Tax
- 11 Administration Act;
- 12 (12) Alternative Fuel Tax Act;
- 13 (13) Cigarette Tax Act;
- 14 (14) Estate Tax Act;
- 15 (15) Railroad Car Company Tax Act;
- 16 (16) Investment Credit Act, rural job tax
- 17 credit, Laboratory Partnership with Small Business Tax Credit
- 18 Act, Technology Jobs and Research and Development Tax Credit
- 19 Act, Film Production Tax Credit Act, Affordable Housing Tax
- 20 Credit Act and high-wage jobs tax credit;
- 21 (17) Corporate Income and Franchise Tax Act;
- 22 (18) Uniform Division of Income for Tax
- 23 Purposes Act;
- 24 (19) Multistate Tax Compact;
- 25 (20) Tobacco Products Tax Act;

1 (21) the telecommunications relay service  
2 surcharge imposed by Section 63-9F-11 NMSA 1978, which  
3 surcharge shall be considered a tax for the purposes of the Tax  
4 Administration Act; ~~and~~

5 (22) the Insurance Premium Tax Act;

6 (23) the Health Care Quality Surcharge Act;

7 and

8 (24) the Cannabis Tax Act;

9 B. the administration and enforcement of the  
10 following taxes, surtaxes, advanced payments or tax acts as  
11 they now exist or may hereafter be amended:

12 (1) Resources Excise Tax Act;

13 (2) Severance Tax Act;

14 (3) any severance surtax;

15 (4) Oil and Gas Severance Tax Act;

16 (5) Oil and Gas Conservation Tax Act;

17 (6) Oil and Gas Emergency School Tax Act;

18 (7) Oil and Gas Ad Valorem Production Tax Act;

19 (8) Natural Gas Processors Tax Act;

20 (9) Oil and Gas Production Equipment Ad  
21 Valorem Tax Act;

22 (10) Copper Production Ad Valorem Tax Act;

23 (11) any advance payment required to be made  
24 by any act specified in this subsection, which advance payment  
25 shall be considered a tax for the purposes of the Tax

1 Administration Act;

2 (12) Enhanced Oil Recovery Act;

3 (13) Natural Gas and Crude Oil Production

4 Incentive Act; and

5 (14) intergovernmental production tax credit  
6 and intergovernmental production equipment tax credit;

7 C. the administration and enforcement of the  
8 following taxes, surcharges, fees or acts as they now exist or  
9 may hereafter be amended:

10 (1) Weight Distance Tax Act;

11 (2) the workers' compensation fee authorized  
12 by Section 52-5-19 NMSA 1978, which fee shall be considered a  
13 tax for purposes of the Tax Administration Act;

14 (3) Uniform Unclaimed Property Act (1995);

15 (4) 911 emergency surcharge and the network  
16 and database surcharge, which surcharges shall be considered  
17 taxes for purposes of the Tax Administration Act;

18 (5) the solid waste assessment fee authorized  
19 by the Solid Waste Act, which fee shall be considered a tax for  
20 purposes of the Tax Administration Act;

21 (6) the water conservation fee imposed by  
22 Section 74-1-13 NMSA 1978, which fee shall be considered a tax  
23 for the purposes of the Tax Administration Act; and

24 (7) the gaming tax imposed pursuant to the  
25 Gaming Control Act; and

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1           D. the administration and enforcement of all other  
2 laws, with respect to which the department is charged with  
3 responsibilities pursuant to the Tax Administration Act, but  
4 only to the extent that the other laws do not conflict with the  
5 Tax Administration Act."

6           **SECTION 60.** Section 7-1-6.15 NMSA 1978 (being Laws 1983,  
7 Chapter 211, Section 20, as amended by Laws 2015, Chapter 89,  
8 Section 1 and by Laws 2015, Chapter 100, Section 1) is amended  
9 to read:

10           "7-1-6.15. ADJUSTMENTS OF DISTRIBUTIONS OR TRANSFERS TO  
11 MUNICIPALITIES OR COUNTIES.--

12           A. The provisions of this section apply to:

13                   (1) any distribution to a municipality  
14 pursuant to Section 7-1-6.4, 7-1-6.36 or 7-1-6.46 NMSA 1978;

15                   (2) any transfer to a municipality with  
16 respect to any local option gross receipts tax or municipal  
17 cannabis tax imposed by that municipality;

18                   (3) any transfer to a county with respect to  
19 any local option gross receipts tax or county cannabis tax  
20 imposed by that county;

21                   (4) any distribution to a county pursuant to  
22 Section 7-1-6.16 or 7-1-6.47 NMSA 1978;

23                   (5) any distribution to a municipality or a  
24 county of gasoline taxes pursuant to Section 7-1-6.9 NMSA 1978;

25                   (6) any transfer to a county with respect to

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1 any tax imposed in accordance with the Local Liquor Excise Tax  
2 Act;

3 (7) any distribution to a county from the  
4 county government road fund pursuant to Section 7-1-6.26 NMSA  
5 1978;

6 (8) any distribution to a municipality of  
7 gasoline taxes pursuant to Section 7-1-6.27 NMSA 1978; and

8 (9) any distribution to a municipality of  
9 compensating taxes pursuant to Section 7-1-6.55 NMSA 1978.

10 B. Before making a distribution or transfer  
11 specified in Subsection A of this section to a municipality or  
12 county for the month, amounts comprising the net receipts shall  
13 be segregated into two mutually exclusive categories. One  
14 category shall be for amounts relating to the current month,  
15 and the other category shall be for amounts relating to prior  
16 periods. The total of each category for a municipality or  
17 county shall be reported each month to that municipality or  
18 county. If the total of the amounts relating to prior periods  
19 is less than zero and its absolute value exceeds the greater of  
20 one hundred dollars (\$100) or an amount equal to twenty percent  
21 of the average distribution or transfer amount for that  
22 municipality or county, then the following procedures shall be  
23 carried out:

24 (1) all negative amounts relating to any  
25 period prior to the three calendar years preceding the year of

1 the current month, net of any positive amounts in that same  
2 time period for the same taxpayers to which the negative  
3 amounts pertain, shall be excluded from the total relating to  
4 prior periods. Except as provided in Paragraph (2) of this  
5 subsection, the net receipts to be distributed or transferred  
6 to the municipality or county shall be adjusted to equal the  
7 amount for the current month plus the revised total for prior  
8 periods; and

9 (2) if the revised total for prior periods  
10 determined pursuant to Paragraph (1) of this subsection is  
11 negative and its absolute value exceeds the greater of one  
12 hundred dollars (\$100) or an amount equal to twenty percent of  
13 the average distribution or transfer amount for that  
14 municipality or county, the revised total for prior periods  
15 shall be excluded from the distribution or transfers and the  
16 net receipts to be distributed or transferred to the  
17 municipality or county shall be equal to the amount for the  
18 current month.

19 C. The department shall recover from a municipality  
20 or county the amount excluded by Paragraph (2) of Subsection B  
21 of this section. This amount may be referred to as the  
22 "recoverable amount".

23 D. Prior to or concurrently with the distribution  
24 or transfer to the municipality or county of the adjusted net  
25 receipts, the department shall notify the municipality or



1 county whose distribution or transfer has been adjusted  
2 pursuant to Paragraph (2) of Subsection B of this section:

3 (1) that the department has made such an  
4 adjustment, that the department has determined that a specified  
5 amount is recoverable from the municipality or county and that  
6 the department intends to recover that amount from future  
7 distributions or transfers to the municipality or county;

8 (2) that the municipality or county has ninety  
9 days from the date notice is made to enter into a mutually  
10 agreeable repayment agreement with the department;

11 (3) that if the municipality or county takes  
12 no action within the ninety-day period, the department will  
13 recover the amount from the next six distributions or transfers  
14 following the expiration of the ninety days; and

15 (4) that the municipality or county may  
16 inspect, pursuant to Section 7-1-8.9 NMSA 1978, an application  
17 for a claim for refund that gave rise to the recoverable  
18 amount, exclusive of any amended returns that may be attached  
19 to the application.

20 E. No earlier than ninety days from the date notice  
21 pursuant to Subsection D of this section is given, the  
22 department shall begin recovering the recoverable amount from a  
23 municipality or county as follows:

24 (1) the department may collect the recoverable  
25 amount by:

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1 (a) decreasing distributions or  
2 transfers to the municipality or county in accordance with a  
3 repayment agreement entered into with the municipality or  
4 county; or

5 (b) except as provided in Paragraphs (2)  
6 and (3) of this subsection, if the municipality or county fails  
7 to act within the ninety days, decreasing the amount of the  
8 next six distributions or transfers to the municipality or  
9 county following expiration of the ninety-day period in  
10 increments as nearly equal as practicable and sufficient to  
11 recover the amount;

12 (2) if, pursuant to Subsection B of this  
13 section, the secretary determines that the recoverable amount  
14 is more than fifty percent of the average distribution or  
15 transfer of net receipts for that municipality or county, the  
16 secretary:

17 (a) shall recover only up to fifty  
18 percent of the average distribution or transfer of net receipts  
19 for that municipality or county; and

20 (b) may, in the secretary's discretion,  
21 waive recovery of any portion of the recoverable amount,  
22 subject to approval by the state board of finance; and

23 (3) if, after application of a refund claim,  
24 audit adjustment, correction of a mistake by the department or  
25 other adjustment of a prior period, but prior to any recovery

1 of the department pursuant to this section, the total net  
2 receipts of a municipality or county for the twelve-month  
3 period beginning with the current month are reduced or are  
4 projected to be reduced to less than fifty percent of the  
5 average distribution or transfer of net receipts, the secretary  
6 may waive recovery of any portion of the recoverable amount,  
7 subject to approval by the state board of finance.

8 F. No later than ninety days from the date notice  
9 pursuant to Subsection D of this section is given, the  
10 department shall provide the municipality or county adequate  
11 opportunity to review an application for a claim for refund  
12 that gave rise to the recoverable amount, exclusive of any  
13 amended returns that may be attached to the application,  
14 pursuant to Section 7-1-8.9 NMSA 1978.

15 G. On or before September 1 of each year beginning  
16 in 2016, the secretary shall report to the state board of  
17 finance and the legislative finance committee the total  
18 recoverable amount waived pursuant to Subparagraph (b) of  
19 Paragraph (2) and Paragraph (3) of Subsection E of this section  
20 for each municipality and county in the prior fiscal year.

21 H. The secretary is authorized to decrease a  
22 distribution or transfer to a municipality or county upon being  
23 directed to do so by the secretary of finance and  
24 administration pursuant to the State Aid Intercept Act or to  
25 redirect a distribution or transfer to the New Mexico finance

1 authority pursuant to an ordinance or a resolution passed by  
2 the county or municipality and a written agreement of the  
3 municipality or county and the New Mexico finance authority.  
4 Upon direction to decrease a distribution or transfer or notice  
5 to redirect a distribution or transfer to a municipality or  
6 county, the secretary shall decrease or redirect the next  
7 designated distribution or transfer, and succeeding  
8 distributions or transfers as necessary, by the amount of the  
9 state distributions intercept authorized by the secretary of  
10 finance and administration pursuant to the State Aid Intercept  
11 Act or by the amount of the state distribution intercept  
12 authorized pursuant to an ordinance or a resolution passed by  
13 the county or municipality and a written agreement with the New  
14 Mexico finance authority. The secretary shall transfer the  
15 state distributions intercept amount to the municipal or county  
16 treasurer or other person designated by the secretary of  
17 finance and administration or to the New Mexico finance  
18 authority pursuant to written agreement to pay the debt service  
19 to avoid default on qualified local revenue bonds or meet other  
20 local revenue bond, loan or other debt obligations of the  
21 municipality or county to the New Mexico finance authority. A  
22 decrease to or redirection of a distribution or transfer  
23 pursuant to this subsection that arose:

24 (1) prior to an adjustment of a distribution  
25 or transfer of net receipts creating a recoverable amount owed

1 to the department takes precedence over any collection of any  
2 recoverable amount pursuant to Paragraph (2) of Subsection B of  
3 this section, which may be made only from the net amount of the  
4 distribution or transfer remaining after application of the  
5 decrease or redirection pursuant to this subsection; and

6 (2) after an adjustment of a distribution or  
7 transfer of net receipts creating a recoverable amount owed to  
8 the department shall be subordinate to any collection of any  
9 recoverable amount pursuant to Paragraph (2) of Subsection B of  
10 this section.

11 I. Upon the direction of the secretary of finance  
12 and administration pursuant to Section 9-6-5.2 NMSA 1978, the  
13 secretary shall temporarily withhold the balance of a  
14 distribution to a municipality or county, net of any decrease  
15 or redirected amount pursuant to Subsection H of this section  
16 and any recoverable amount pursuant to Paragraph (2) of  
17 Subsection B of this section, that has failed to submit an  
18 audit report required by the Audit Act or a financial report  
19 required by Subsection F of Section 6-6-2 NMSA 1978. The  
20 amount to be withheld, the source of the withheld distribution  
21 and the number of months that the distribution is to be  
22 withheld shall be as directed by the secretary of finance and  
23 administration. A distribution withheld pursuant to this  
24 subsection shall remain in the tax administration suspense fund  
25 until distributed to the municipality or county and shall not

1 be distributed to the general fund. An amount withheld  
2 pursuant to this subsection shall be distributed to the  
3 municipality or county upon direction of the secretary of  
4 finance and administration.

5 J. As used in this section:

6 (1) "amounts relating to the current month"  
7 means any amounts included in the net receipts of the current  
8 month that represent payment of tax due for the current month,  
9 correction of amounts processed in the current month that  
10 relate to the current month or that otherwise relate to  
11 obligations due for the current month;

12 (2) "amounts relating to prior periods" means  
13 any amounts processed during the current month that adjust  
14 amounts processed in a period or periods prior to the current  
15 month regardless of whether the adjustment is a correction of a  
16 department error or due to the filing of amended returns,  
17 payment of department-issued assessments, filing or approval of  
18 claims for refund, audit adjustments or other cause;

19 (3) "average distribution or transfer amount"  
20 means the following amounts; provided that a distribution or  
21 transfer that is negative shall not be used in calculating the  
22 amounts:

23 (a) the annual average of the total  
24 amount distributed or transferred to a municipality or county  
25 in each of the three twelve-month periods preceding the current

1 month;

2 (b) if a distribution or transfer to a  
3 municipality or county has been made for less than three years,  
4 the total amount distributed or transferred in the year  
5 preceding the current month; or

6 (c) if a municipality or county has not  
7 received distributions or transfers of net receipts for twelve  
8 or more months, the monthly average of net receipts distributed  
9 or transferred to the municipality or county preceding the  
10 current month multiplied by twelve;

11 (4) "current month" means the month for which  
12 the distribution or transfer is being prepared; and

13 (5) "repayment agreement" means an agreement  
14 between the department and a municipality or county under which  
15 the municipality or county agrees to allow the department to  
16 recover an amount determined pursuant to Paragraph (2) of  
17 Subsection B of this section by decreasing distributions or  
18 transfers to the municipality or county for one or more months  
19 beginning with the distribution or transfer to be made with  
20 respect to a designated month. No interest shall be charged."

21 SECTION 61. Section 7-9-3.5 NMSA 1978 (being Laws 2003,  
22 Chapter 272, Section 3, as amended) is amended to read:

23 "7-9-3.5. DEFINITION--GROSS RECEIPTS.--

24 A. As used in the Gross Receipts and Compensating  
25 Tax Act:

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1                   (1) "gross receipts" means the total amount of  
2 money or the value of other consideration received from selling  
3 property in New Mexico, from leasing or licensing property  
4 employed in New Mexico, from granting a right to use a  
5 franchise employed in New Mexico, from selling services  
6 performed outside New Mexico, the product of which is initially  
7 used in New Mexico, or from performing services in New Mexico.  
8 In an exchange in which the money or other consideration  
9 received does not represent the value of the property or  
10 service exchanged, "gross receipts" means the reasonable value  
11 of the property or service exchanged;

12                   (2) "gross receipts" includes:

13                   (a) any receipts from sales of tangible  
14 personal property handled on consignment;

15                   (b) the total commissions or fees  
16 derived from the business of buying, selling or promoting the  
17 purchase, sale or lease, as an agent or broker on a commission  
18 or fee basis, of any property, service, stock, bond or  
19 security;

20                   (c) amounts paid by members of any  
21 cooperative association or similar organization for sales or  
22 leases of personal property or performance of services by such  
23 organization;

24                   (d) amounts received from transmitting  
25 messages or conversations by persons providing telephone or



1 telegraph services;

2 (e) amounts received by a New Mexico  
3 florist from the sale of flowers, plants or other products that  
4 are customarily sold by florists where the sale is made  
5 pursuant to orders placed with the New Mexico florist that are  
6 filled and delivered outside New Mexico by an out-of-state  
7 florist;

8 (f) the receipts of a home service  
9 provider from providing mobile telecommunications services to  
10 customers whose place of primary use is in New Mexico if: 1)  
11 the mobile telecommunications services originate and terminate  
12 in the same state, regardless of where the services originate,  
13 terminate or pass through; and 2) the charges for mobile  
14 telecommunications services are billed by or for a customer's  
15 home service provider and are deemed provided by the home  
16 service provider. For the purposes of this section, "home  
17 service provider", "mobile telecommunications services",  
18 "customer" and "place of primary use" have the meanings given  
19 in the federal Mobile Telecommunications Sourcing Act; and

20 (g) receipts collected by a marketplace  
21 provider engaging in business in the state from sales, leases  
22 and licenses of tangible personal property, sales of licenses  
23 and sales of services or licenses for use of real property that  
24 are sourced to this state and are facilitated by the  
25 marketplace provider on behalf of marketplace sellers,

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1 regardless of whether the marketplace sellers are engaging in  
2 business in the state; and

3 (3) "gross receipts" excludes:

4 (a) cash discounts allowed and taken;

5 (b) New Mexico gross receipts tax,  
6 governmental gross receipts tax and leased vehicle gross  
7 receipts tax payable on transactions for the reporting period;

8 (c) taxes imposed pursuant to the  
9 provisions of any local option gross receipts tax that is  
10 payable on transactions for the reporting period;

11 (d) any tax imposed pursuant to the  
12 Cannabis Tax Act;

13 [~~(d)~~] (e) any gross receipts or sales  
14 taxes imposed by an Indian nation, tribe or pueblo; provided  
15 that the tax is approved, if approval is required by federal  
16 law or regulation, by the secretary of the interior of the  
17 United States; and provided further that the gross receipts or  
18 sales tax imposed by the Indian nation, tribe or pueblo  
19 provides a reciprocal exclusion for gross receipts, sales or  
20 gross receipts-based excise taxes imposed by the state or its  
21 political subdivisions;

22 [~~(e)~~] (f) any type of time-price  
23 differential;

24 [~~(f)~~] (g) amounts received solely on  
25 behalf of another in a disclosed agency capacity; and

1                    [~~(g)~~] (h) amounts received by a New  
2 Mexico florist from the sale of flowers, plants or other  
3 products that are customarily sold by florists where the sale  
4 is made pursuant to orders placed with an out-of-state florist  
5 for filling and delivery in New Mexico by a New Mexico florist.

6                    B. When the sale of property or service is made  
7 under any type of charge, conditional or time-sales contract or  
8 the leasing of property is made under a leasing contract, the  
9 seller or lessor may elect to treat all receipts, excluding any  
10 type of time-price differential, under such contracts as gross  
11 receipts as and when the payments are actually received. If  
12 the seller or lessor transfers the seller's or lessor's  
13 interest in any such contract to a third person, the seller or  
14 lessor shall pay the gross receipts tax upon the full sale or  
15 leasing contract amount, excluding any type of time-price  
16 differential."

17                    SECTION 62. Section 7-9-73.2 NMSA 1978 (being Laws 1998,  
18 Chapter 95, Section 2 and Laws 1998, Chapter 99, Section 4, as  
19 amended) is amended to read:

20                    "7-9-73.2. DEDUCTION--GROSS RECEIPTS TAX AND GOVERNMENTAL  
21 GROSS RECEIPTS TAX--PRESCRIPTION DRUGS--OXYGEN--CANNABIS.--

22                    A. Receipts from the sale of prescription drugs  
23 [~~and~~], oxygen [~~and~~], oxygen services provided by a licensed  
24 medicare durable medical equipment provider and cannabis that  
25 is purchased in accordance with the Lynn and Erin Compassionate

1 Use Act may be deducted from gross receipts and governmental  
2 gross receipts.

3 B. For the purposes of this section, "prescription  
4 drugs" means insulin and substances that are:

5 (1) dispensed by or under the supervision of a  
6 licensed pharmacist or by a physician or other person  
7 authorized under state law to do so;

8 (2) prescribed for a specified person by a  
9 person authorized under state law to prescribe the substance;  
10 and

11 (3) subject to the restrictions on sale  
12 contained in Subparagraph 1 of Subsection (b) of 21 USCA 353."

13 SECTION 63. Section 9-16-4 NMSA 1978 (being Laws 1983,  
14 Chapter 297, Section 20, as amended) is amended to read:

15 "9-16-4. DEPARTMENT ESTABLISHED.--The "regulation and  
16 licensing department" is created in the executive branch. The  
17 department shall not be a cabinet department. The department  
18 shall consist of but not be limited to the following divisions:

19 A. the administrative services division;

20 B. the construction industries division;

21 C. the financial institutions division;

22 D. the securities division;

23 E. the manufactured housing division; ~~and~~

24 F. the alcoholic beverage control division; and

25 G. the cannabis control division."

1           SECTION 64. Section 24-16-12 NMSA 1978 (being Laws 2007,  
2 Chapter 20, Section 4, as amended) is amended to read:

3           "24-16-12. SMOKING-PERMITTED AREAS.--Notwithstanding any  
4 other provision of the Dee Johnson Clean Indoor Air Act,  
5 smoking-permitted areas include the following:

6                 A. a private residence, unless it is used  
7 commercially to provide child care, adult care or health care  
8 or any combination of those activities;

9                 B. a retail tobacco store; provided that, for a  
10 retail tobacco store established on or after the effective date  
11 of this 2019 act, the store shall be located in a standalone  
12 building;

13                C. a cigar bar; provided that, for a cigar bar  
14 established on or after ~~[the effective date of this 2019 act]~~  
15 June 14, 2019, the bar shall be located in a standalone  
16 building;

17                D. the facilities of a tobacco manufacturing  
18 company licensed by the United States to manufacture tobacco  
19 products that are operated by the company in its own name and  
20 that are used exclusively by the company in its business of  
21 manufacturing, marketing or distributing its tobacco products;  
22 provided that secondhand smoke does not infiltrate other indoor  
23 workplaces or other indoor public places where smoking is  
24 otherwise prohibited under the Dee Johnson Clean Indoor Air  
25 Act;

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1           E. a state-licensed gaming facility, casino or  
2 bingo parlor;

3           F. designated outdoor smoking areas;

4           G. private clubs;

5           H. hotel and motel rooms that are rented to guests  
6 and are designated as smoking-permitted rooms; provided that  
7 not more than ten percent of rooms rented to guests in a hotel  
8 or motel may be so designated;

9           I. a site that is being used in connection with the  
10 practice of cultural or ceremonial activities by Native  
11 Americans and that is in accordance with the federal American  
12 Indian Religious Freedom Act, 42 U.S.C. 1996 and 1996a; ~~[and]~~

13           J. a theatrical stage or a motion picture or  
14 television production set when it is necessary for performers  
15 to smoke as part of the production; and

16           K. an indoor or outdoor cannabis consumption area  
17 located on the licensed premises of a cannabis establishment  
18 authorized pursuant to the Cannabis Regulation Act."

19           **SECTION 65.** A new section of the Lynn and Erin  
20 Compassionate Use Act is enacted to read:

21           "[NEW MATERIAL] INDIAN NATIONS, TRIBES AND PUEBLOS--  
22 INTERGOVERNMENTAL AGREEMENTS.--The department may enter into an  
23 intergovernmental agreement with any sovereign Indian nation,  
24 tribe or pueblo located in New Mexico that elects to implement  
25 the provisions of the medical cannabis program established

1 pursuant to the Lynn and Erin Compassionate Use Act. The  
2 intergovernmental agreement shall provide for:

3 A. any assistance from the department that an  
4 Indian nation, tribe or pueblo may request in implementing its  
5 own medical cannabis program within the boundaries of that  
6 Indian nation, tribe or pueblo and that the department agrees  
7 to provide; and

8 B. guidelines for compliance with department rules  
9 or compliance with separate express provisions of the  
10 intergovernmental agreement to govern the rights and the  
11 responsibilities of the department and an Indian nation, tribe  
12 or pueblo when that Indian nation, tribe or pueblo transports  
13 or sells medical cannabis outside of the boundaries of that  
14 Indian nation, tribe or pueblo."

15 SECTION 66. Section 26-2B-3 NMSA 1978 (being Laws 2007,  
16 Chapter 210, Section 3, as amended) is amended to read:

17 "26-2B-3. DEFINITIONS.--As used in the Lynn and Erin  
18 Compassionate Use Act:

19 A. "adequate supply" means an amount of cannabis,  
20 in any form approved by the department, possessed by a  
21 qualified patient or collectively possessed by a qualified  
22 patient and the qualified patient's primary caregiver that is  
23 determined by rule of the department to be no more than  
24 reasonably necessary to ensure the uninterrupted availability  
25 of cannabis for a period of three months and that is derived

1 solely from an intrastate source;

2 B. "cannabis":

3 (1) means all parts of the plant genus  
4 Cannabis [~~sativa L.~~] containing a delta-9-tetrahydrocannabinol  
5 concentration of more than three-tenths percent on a dry weight  
6 basis, whether growing or not; the seeds of the plant; the  
7 resin extracted from any part of the plant; and every compound,  
8 manufacture, salt, derivative, mixture or preparation of the  
9 plant, its seeds or its resin; and

10 (2) does not include the mature stalks of the  
11 plant; fiber produced from the stalks; oil or cake made from  
12 the seeds of the plant; any other compound, manufacture, salt,  
13 derivative, mixture or preparation of the mature stalks, fiber,  
14 oil or cake; the sterilized seed of the plant that is incapable  
15 of germination; the weight of any other ingredient combined  
16 with cannabis to prepare topical or oral administrations, food,  
17 drink or another product; or hemp;

18 ~~[C. "cannabis consumption area" means an area~~  
19 ~~within a licensed premises approved by the department where~~  
20 ~~cannabis may be consumed that complies with rule as established~~  
21 ~~by the department;~~

22 ~~D. "cannabis courier" means a person that is~~  
23 ~~licensed by the department to transport usable cannabis and~~  
24 ~~cannabis products within the state from a cannabis~~  
25 ~~establishment to;~~



1                   ~~(1) a qualified patient;~~

2                   ~~(2) a primary caregiver; or~~

3                   ~~(3) another cannabis establishment;~~

4           E. ~~"cannabis establishment" means:~~

5                   ~~(1) a licensed cannabis courier;~~

6                   ~~(2) a licensed cannabis testing facility;~~

7                   ~~(3) a licensed cannabis manufacturer;~~

8                   ~~(4) a licensed cannabis producer; or~~

9                   ~~(5) such other person that the department may~~

10 ~~by rule approve for participation in the medical cannabis~~

11 ~~program;~~

12           F. ~~"cannabis manufacturer" means a person that is~~  
13 ~~licensed by the department to:~~

14                   ~~(1) manufacture cannabis products;~~

15                   ~~(2) package, transport or courier cannabis~~  
16 ~~products;~~

17                   ~~(3) have cannabis products tested by a~~  
18 ~~cannabis testing facility;~~

19                   ~~(4) purchase, obtain, sell and transport~~  
20 ~~cannabis products to other cannabis establishments; and~~

21                   ~~(5) prepare products for personal production~~  
22 ~~license holders;~~

23           G. ~~"cannabis producer" means a person that is~~  
24 ~~licensed by the department to possess, produce, dispense,~~  
25 ~~distribute and manufacture cannabis and cannabis products and~~

1 ~~sell wholesale or by direct sale to qualified patients and~~  
2 ~~primary caregivers;~~

3 H.] C. "cannabis product":

4 (1) means a product that contains cannabis,  
5 including edible or topical products that may also contain  
6 other ingredients; and

7 (2) does not include the weight of any other  
8 ingredient combined with cannabis or cannabis extract to  
9 prepare topical or oral administrations, food, drink or another  
10 product;

11 ~~[I. "cannabis testing facility" means a person that~~  
12 ~~is licensed by the department to perform tests of cannabis~~  
13 ~~products to analyze the strength or purity of the items and to~~  
14 ~~collect cannabis samples and transport cannabis products to the~~  
15 ~~cannabis testing facility from cannabis establishments;~~

16 J.] D. "debilitating medical condition" means:

- 17 (1) cancer;  
18 (2) glaucoma;  
19 (3) multiple sclerosis;  
20 (4) damage to the nervous tissue of the spinal  
21 cord, with objective neurological indication of intractable  
22 spasticity;  
23 (5) seizure disorder, including epilepsy;  
24 (6) positive status for human immunodeficiency  
25 virus or acquired immune deficiency syndrome;

1 (7) admitted into hospice care in accordance  
2 with rules promulgated by the department;

3 (8) amyotrophic lateral sclerosis;

4 (9) Crohn's disease;

5 (10) hepatitis C infection;

6 (11) Huntington's disease;

7 (12) inclusion body myositis;

8 (13) inflammatory autoimmune-mediated  
9 arthritis;

10 (14) intractable nausea or vomiting;

11 (15) obstructive sleep apnea;

12 (16) painful peripheral neuropathy;

13 (17) Parkinson's disease;

14 (18) posttraumatic stress disorder;

15 (19) severe chronic pain;

16 (20) severe anorexia or cachexia;

17 (21) spasmodic torticollis;

18 (22) ulcerative colitis; or

19 (23) any other medical condition, medical  
20 treatment or disease as approved by the department;

21 [K.] E. "department" means the department of  
22 health;

23 [L.] F. "hemp" means the plant genus Cannabis  
24 [~~sativa L.~~] and any part of the plant, whether growing or not,  
25 containing a delta-9-tetrahydrocannabinol concentration of no

1 more than three-tenths percent on a dry weight basis;

2 ~~[M.] "license" means a license issued pursuant to~~  
3 ~~the Lynn and Erin Compassionate Use Act;~~

4 ~~N.]~~ G. "licensee" means a person that holds a  
5 personal production license;

6 ~~[O.] "licensee representative" means an owner,~~  
7 ~~director, officer, manager, employee, agent or other~~  
8 ~~representative of a licensee, to the extent that person acts in~~  
9 ~~a representative capacity;~~

10 ~~P.]~~ H. "manufacture" means to prepare a cannabis  
11 product for a qualified patient's use;

12 ~~[Q.]~~ I. "medical cannabis program" means the  
13 program established pursuant to the Lynn and Erin Compassionate  
14 Use Act for authorization and regulation of the medical use of  
15 cannabis in the state;

16 ~~[R.]~~ J. "personal production license" means a  
17 license issued to a qualified patient or to a qualified  
18 patient's primary caregiver participating in the medical  
19 cannabis program to permit the qualified patient or the  
20 qualified patient's primary caregiver to produce or manufacture  
21 cannabis for the qualified patient's use at an address approved  
22 by the department;

23 ~~[S.]~~ K. "practitioner" means a person licensed in  
24 New Mexico to prescribe and administer drugs that are subject  
25 to the Controlled Substances Act;

1           ~~[F.]~~ L. "primary caregiver" means a resident of New  
2 Mexico who is at least eighteen years of age and who has been  
3 designated by the patient's practitioner as being necessary to  
4 take responsibility for managing the well-being of a qualified  
5 patient with respect to the medical use of cannabis pursuant to  
6 the provisions of the Lynn and Erin Compassionate Use Act;

7           ~~[G.]~~ M. "produce" means to engage in any activity  
8 related to the planting or cultivation of cannabis;

9           ~~[H.]~~ N. "qualified patient" means a person who has  
10 been diagnosed by a practitioner as having a debilitating  
11 medical condition and has received written certification and a  
12 registry identification card pursuant to the Lynn and Erin  
13 Compassionate Use Act on the basis of having been diagnosed, in  
14 person or via telemedicine, by a practitioner as having a  
15 debilitating medical condition; provided that a practitioner  
16 may only issue a written certification on the basis of an  
17 evaluation conducted via telemedicine if the practitioner has  
18 previously examined the patient in person;

19           ~~[I.]~~ O. "reciprocal participant" means an  
20 individual who holds proof of authorization to participate in  
21 the medical cannabis program of another state of the United  
22 States, the District of Columbia, a territory or commonwealth  
23 of the United States or a New Mexico Indian nation, tribe or  
24 pueblo;

25           ~~[J.]~~ P. "registry identification card" means a

document that the department issues:

(1) to a qualified patient that identifies the bearer as a qualified patient and authorizes the qualified patient to use cannabis for a debilitating medical condition; or

(2) to a primary caregiver that identifies the bearer as a primary caregiver authorized to engage in the intrastate possession and administration of cannabis for the sole use of a qualified patient who is identified on the document;

~~[Y.]~~ Q. "safety-sensitive position" means a position in which performance by a person under the influence of drugs or alcohol would constitute an immediate or direct threat of injury or death to that person or another;

~~[Z.]~~ R. "telemedicine" means the use of telecommunications and information technology to provide clinical health care from a site apart from the site where the patient is located, in real time or asynchronously, including the use of interactive simultaneous audio and video or store-and-forward technology, or off-site patient monitoring and telecommunications in order to deliver health care services;

~~[AA.]~~ S. "THC" means delta-9-tetrahydrocannabinol, a substance that is the primary psychoactive ingredient in cannabis; and

~~[BB.]~~ T. "written certification" means a statement

1 made on a department-approved form and signed by a patient's  
2 practitioner that indicates, in the practitioner's professional  
3 opinion, that the patient has a debilitating medical condition  
4 and the practitioner believes that the potential health  
5 benefits of the medical use of cannabis would likely outweigh  
6 the health risks for the patient."

7 SECTION 67. Section 26-2B-4 NMSA 1978 (being Laws 2007,  
8 Chapter 210, Section 4, as amended) is amended to read:

9 "26-2B-4. EXEMPTION FROM CRIMINAL AND CIVIL PENALTIES FOR  
10 THE MEDICAL USE OF CANNABIS.--

11 A. A qualified patient or a qualified patient's  
12 primary caregiver shall not be subject to arrest, prosecution  
13 or penalty in any manner for the possession of or the medical  
14 use of cannabis if the quantity of cannabis does not exceed an  
15 adequate supply; provided that a qualified patient or the  
16 qualified patient's primary caregiver may possess that  
17 qualified patient's harvest of cannabis.

18 B. A reciprocal participant shall not be subject to  
19 arrest, prosecution or penalty in any manner for the possession  
20 of or the medical use of cannabis if the quantity of cannabis  
21 does not exceed the limit identified by department rule.

22 C. The following conduct is lawful and shall not  
23 constitute grounds for detention, search or arrest of a person  
24 or for a violation of probation or parole, and cannabis  
25 products that relate to the conduct are not contraband or

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1 subject to seizure or forfeiture pursuant to the Controlled  
2 Substances Act or the Forfeiture Act:

3 (1) a qualified patient or primary caregiver  
4 possessing or transporting not more than an adequate supply or  
5 a reciprocal participant possessing or transporting not more  
6 than the limit identified by department rule;

7 (2) a qualified patient or primary caregiver  
8 purchasing or obtaining not more than an adequate supply from a  
9 lawful source or a reciprocal participant purchasing or  
10 obtaining not more than the limit identified by department  
11 rule;

12 (3) a qualified patient using or being under  
13 the influence of cannabis; provided that the qualified patient  
14 is acting consistent with law;

15 (4) a qualified patient or primary caregiver  
16 transferring, without financial consideration, to a qualified  
17 patient or primary caregiver not more than two ounces of  
18 cannabis; or

19 (5) with respect to cannabis cultivated under  
20 a personal production license, a qualified patient or primary  
21 caregiver possessing, planting, cultivating, harvesting,  
22 drying, manufacturing or transporting cannabis plants or  
23 cannabis products as allowed by department rule; provided that  
24 a qualified patient or primary caregiver who possesses a  
25 personal production license shall not manufacture cannabis

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1 products using an oil extractor solvent that is stored under  
2 pressure [~~unless the qualified patient or primary caregiver~~  
3 ~~holds a separate license from the department permitting the~~  
4 ~~person to manufacture cannabis products using an oil extractor~~  
5 ~~solvent that is under pressure~~].

6 D. Subsection A of this section shall not apply to  
7 a qualified patient under the age of eighteen years, unless:

8 (1) the qualified patient's practitioner has  
9 explained the potential risks and benefits of the medical use  
10 of cannabis to the qualified patient and to a parent, guardian  
11 or person having legal custody of the qualified patient; and

12 (2) a parent, guardian or person having legal  
13 custody consents in writing to:

14 (a) allow the qualified patient's  
15 medical use of cannabis;

16 (b) serve as the qualified patient's  
17 primary caregiver; and

18 (c) control the dosage and the frequency  
19 of the medical use of cannabis by the qualified patient.

20 E. A qualified patient or a primary caregiver shall  
21 be granted the full legal protections provided in this section  
22 if the qualified patient or primary caregiver is in possession  
23 of a registry identification card. If the qualified patient or  
24 primary caregiver is not in possession of a registry  
25 identification card, the qualified patient or primary caregiver

1 shall be given an opportunity to produce the registry  
2 identification card before any arrest or criminal charges or  
3 other penalties are initiated.

4 F. A practitioner shall not be subject to arrest or  
5 prosecution, penalized in any manner or denied any right or  
6 privilege for recommending the medical use of cannabis or  
7 providing written certification for the medical use of cannabis  
8 pursuant to the Lynn and Erin Compassionate Use Act.

9 ~~[G. A licensee or licensee representative shall not~~  
10 ~~be subject to arrest, prosecution or penalty, in any manner,~~  
11 ~~for the production, possession, manufacture, distribution,~~  
12 ~~dispensing or testing of cannabis pursuant to the Lynn and Erin~~  
13 ~~Compassionate Use Act. Conduct by a licensee or a licensee~~  
14 ~~representative that is allowed pursuant to a license and~~  
15 ~~conduct by a person that allows property to be used by a~~  
16 ~~licensee or a licensee representative for conduct allowed~~  
17 ~~pursuant to a license is lawful, is not a violation of state or~~  
18 ~~local law and is not a basis for seizure or forfeiture of~~  
19 ~~property or assets under state or local law.~~

20 H.] G. Any property interest that is possessed,  
21 owned or used in connection with the medical use of cannabis,  
22 or acts incidental to such use, shall not be harmed, neglected,  
23 injured or destroyed while in the possession of state or local  
24 law enforcement officials. Any such property interest shall  
25 not be forfeited under any state or local law providing for the

1 forfeiture of property except as provided in the Forfeiture  
2 Act. Cannabis, paraphernalia or other property seized from a  
3 qualified patient or primary caregiver in connection with the  
4 claimed medical use of cannabis shall be returned immediately  
5 upon the determination by a court or prosecutor that the  
6 qualified patient or primary caregiver is entitled to the  
7 protections of the provisions of the Lynn and Erin  
8 Compassionate Use Act, as may be evidenced by a failure to  
9 actively investigate the case, a decision not to prosecute, the  
10 dismissal of charges or acquittal.

11 ~~[F.]~~ H. A state or local government shall not  
12 impose a criminal, civil or administrative penalty on a  
13 licensee ~~[or a licensee representative]~~ or on a person that  
14 allows property to be used by a licensee ~~[or a licensee~~  
15 ~~representative]~~ pursuant to a license, solely for conduct that  
16 is allowed pursuant to a license.

17 ~~[J.]~~ I. A person shall not be subject to arrest or  
18 prosecution for a cannabis-related offense for simply being in  
19 the presence of the medical use of cannabis as permitted under  
20 the provisions of the Lynn and Erin Compassionate Use Act."

21 **SECTION 68.** Section 26-2B-5 NMSA 1978 (being Laws 2007,  
22 Chapter 210, Section 5, as amended by Laws 2019, Chapter 247,  
23 Section 5 and by Laws 2019, Chapter 261, Section 2) is amended  
24 to read:

25 "26-2B-5. PROHIBITIONS, RESTRICTIONS AND LIMITATIONS ON

1 THE MEDICAL USE OF CANNABIS--CRIMINAL PENALTIES.--

2 A. Participation in a medical use of cannabis  
3 program by a qualified patient or primary caregiver does not  
4 relieve the qualified patient or primary caregiver from:

5 (1) criminal prosecution or civil penalties  
6 for activities not authorized in the Lynn and Erin  
7 Compassionate Use Act;

8 (2) liability for damages or criminal  
9 prosecution arising out of the operation of a vehicle while  
10 under the influence of cannabis; or

11 (3) criminal prosecution or civil penalty for  
12 possession or use of cannabis:

13 (a) in the workplace of the qualified  
14 patient's or primary caregiver's employment; or

15 (b) at a public park, recreation center,  
16 youth center or other public place.

17 B. A person who makes a fraudulent representation  
18 to a law enforcement officer about the person's participation  
19 in a medical use of cannabis program to avoid arrest or  
20 prosecution for a cannabis-related offense is guilty of a petty  
21 misdemeanor and shall be sentenced in accordance with the  
22 provisions of Section 31-19-1 NMSA 1978.

23 ~~[G. If a licensee or the licensee's representative~~  
24 ~~sells, distributes, dispenses or transfers cannabis to a person~~  
25 ~~not approved by the department pursuant to the Lynn and Erin~~

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1 ~~Compassionate Use Act or obtains or transports cannabis outside~~  
2 ~~New Mexico, the licensee or the licensee's representative shall~~  
3 ~~be subject to arrest, prosecution and civil or criminal~~  
4 ~~penalties pursuant to state law.]"~~

5 SECTION 69. Section 26-2B-6.1 NMSA 1978 (being Laws 2019,  
6 Chapter 247, Section 8) is amended to read:

7 "26-2B-6.1. PROGRAM REGULATION AND ADMINISTRATION--FEES--  
8 LIMITATIONS--[RULEMAKING] LICENSURE--ISSUANCE--REPORTING.--

9 A. The department shall:

10 (1) regulate and administer the medical  
11 cannabis program; and

12 (2) collect fees from licensees; provided that  
13 the department shall not charge a fee relating to the medical  
14 cannabis registry.

15 ~~[B. By December 20, 2019, the secretary of health~~  
16 ~~shall adopt and promulgate rules to establish fees for licenses~~  
17 ~~for cannabis producers, cannabis manufacturers, cannabis~~  
18 ~~couriers, cannabis testing facilities or any other cannabis~~  
19 ~~establishments whose operations are authorized pursuant to the~~  
20 ~~Lynn and Erin Compassionate Use Act.~~

21 ~~G.]~~ B. The department shall establish ~~[application~~  
22 ~~and licensing fees applicable to licenses for activity related~~  
23 ~~to the medical cannabis program]~~ an application and licensing  
24 fee for personal production licenses.

25 ~~[D.]~~ C. The department shall administer ~~[licensure~~

1 ~~for medical cannabis program activity provided for in the Lynn~~  
2 ~~and Erin Compassionate Use Act, which shall include]~~ personal  
3 production licenses. ~~[and licenses for:~~

4 ~~(1) cannabis couriers;~~  
5 ~~(2) cannabis manufacturers;~~  
6 ~~(3) cannabis producers;~~  
7 ~~(4) cannabis testing facilities; and~~  
8 ~~(5) any other activity or person as deemed~~  
9 ~~necessary by the department.~~

10 ~~E. The department shall not issue any other license~~  
11 ~~provided for in this section to a cannabis testing facility~~  
12 ~~licensee.~~

13 ~~F.]~~ D. In consultation with qualified patients and  
14 primary caregivers, the department shall produce an assessment  
15 report annually, which shall be published to the public and  
16 that includes at a minimum an evaluation of:

17 (1) the affordability of and accessibility to  
18 medical cannabis pursuant to the Lynn and Erin Compassionate  
19 Use Act; and

20 (2) the needs of qualified patients who live  
21 in rural areas, federal subsidized housing or New Mexico Indian  
22 nations, tribes or pueblos.

23 ~~[G. The department shall allow for the smoking,~~  
24 ~~vaporizing and ingesting of cannabis products within a cannabis~~  
25 ~~consumption area on the premises if:~~

1                   ~~(1) access is restricted to qualified patients~~  
2                   ~~and their primary caregivers;~~

3                   ~~(2) cannabis consumption is not visible from~~  
4                   ~~any public place or from outside the cannabis consumption area;~~  
5                   ~~and~~

6                   ~~(3) qualified patients who consume cannabis on~~  
7                   ~~the premises have a designated driver or other means of~~  
8                   ~~transportation consistent with current law.]"~~

9                   SECTION 70. Section 26-2B-7 NMSA 1978 (being Laws 2007,  
10                   Chapter 210, Section 7, as amended) is amended to read:

11                   "26-2B-7. REGISTRY IDENTIFICATION CARDS--DEPARTMENT  
12                   RULES--DUTIES--RECIPROCITY.--

13                   A. After consultation with the advisory board, the  
14                   department shall promulgate rules in accordance with the State  
15                   Rules Act to implement the purpose of the Lynn and Erin  
16                   Compassionate Use Act. The rules shall:

17                   (1) govern the manner in which the department  
18                   will consider applications for registry identification cards  
19                   and for the renewal of identification cards for qualified  
20                   patients and primary caregivers;

21                   (2) define the amount of cannabis that is  
22                   necessary to constitute an adequate supply, including amounts  
23                   for topical treatments;

24                   (3) identify criteria and set forth procedures  
25                   for including additional medical conditions, medical treatments

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1 or diseases to the list of debilitating medical conditions that  
2 qualify for the medical use of cannabis. Procedures shall  
3 include a petition process and shall allow for public comment  
4 and public hearings before the advisory board;

5 (4) set forth additional medical conditions,  
6 medical treatments or diseases to the list of debilitating  
7 medical conditions that qualify for the medical use of cannabis  
8 as recommended by the advisory board;

9 (5) identify requirements for the licensure of  
10 ~~[cannabis producers and cannabis production facilities,~~  
11 ~~cannabis couriers, cannabis manufacturers, cannabis testing~~  
12 ~~facilities and any other cannabis establishments that the~~  
13 ~~department may license]~~ qualified patients to produce cannabis  
14 for personal medical use and set forth procedures to obtain  
15 licenses;

16 ~~[(6) develop a distribution system for the~~  
17 ~~medical cannabis program that provides for:~~

18 (a) ~~cannabis production facilities~~  
19 ~~within New Mexico housed on secured grounds and operated by~~  
20 ~~licensees; and~~

21 (b) ~~distribution of cannabis to~~  
22 ~~qualified patients or their primary caregivers to take place at~~  
23 ~~locations that are designated by the department and that are~~  
24 ~~not within three hundred feet of any school, church or daycare~~  
25 ~~center that were in existence in that location before the~~



1 ~~licensee distributing medical cannabis nearby was licensed;~~  
2 ~~provided that this distance requirement shall not apply to~~  
3 ~~distribution at the home of the qualified patient or primary~~  
4 ~~caregiver;~~

5 ~~(7) identify requirements for testing and~~  
6 ~~labeling of cannabis and cannabis products for quality~~  
7 ~~assurance. The department shall adopt and promulgate rules~~  
8 ~~pursuant to this paragraph by December 20, 2019;~~

9 ~~(8)]~~ (6) determine additional duties and  
10 responsibilities of the advisory board; and

11 ~~[(9)]~~ (7) be revised and updated as necessary.

12 B. The department shall issue registry  
13 identification cards to a patient and to the primary caregiver  
14 for that patient, if any, who submit the following, in  
15 accordance with the department's rules:

16 (1) a written certification;

17 (2) the name, address and date of birth of the  
18 patient;

19 (3) the name, address and telephone number of  
20 the patient's practitioner; and

21 (4) the name, address and date of birth of the  
22 patient's primary caregiver, if any.

23 C. The department shall verify the information  
24 contained in an application submitted pursuant to Subsection B  
25 of this section and shall approve or deny an application within

1 thirty days of receipt. The department may deny an application  
2 only if the applicant did not provide the information required  
3 pursuant to Subsection B of this section or if the department  
4 determines that the information provided is false. A person  
5 whose application has been denied shall not reapply for six  
6 months from the date of the denial unless otherwise authorized  
7 by the department.

8 D. The department shall issue a registry  
9 identification card within five days of approving an  
10 application, and a card shall expire three years after the date  
11 of issuance.

12 E. A registry identification card shall contain:

13 (1) the name and date of birth of the  
14 qualified patient and primary caregiver, if any;

15 (2) the date of issuance and expiration date  
16 of the registry identification card; and

17 (3) other information that the department may  
18 require by rule.

19 F. A person who possesses a registry identification  
20 card shall notify the department of any change in the person's  
21 name, qualified patient's practitioner, qualified patient's  
22 primary caregiver or change in status of the qualified  
23 patient's debilitating medical condition within ten days of the  
24 change.

25 G. Possession of or application for a registry

1 identification card shall not constitute probable cause or give  
2 rise to reasonable suspicion for a governmental agency to  
3 search the person or property of the person possessing or  
4 applying for the card.

5 H. The department shall maintain a confidential  
6 file containing the names and addresses of the persons who have  
7 either applied for or received a registry identification card.  
8 Individual names on the list shall be confidential and not  
9 subject to disclosure, except:

10 (1) to authorized employees or agents of the  
11 department as necessary to perform the duties of the department  
12 pursuant to the provisions of the Lynn and Erin Compassionate  
13 Use Act;

14 (2) to authorized employees of state or local  
15 law enforcement agencies, but only for the purpose of verifying  
16 that a person is lawfully in possession of a registry  
17 identification card; ~~[or]~~

18 (3) to the cannabis control division of the  
19 regulation and licensing department; or

20 ~~[(3)]~~ (4) as provided in the federal Health  
21 Insurance Portability and Accountability Act of 1996.

22 I. By March 1, 2020, the secretary of health shall  
23 adopt and promulgate rules relating to medical cannabis program  
24 reciprocity. The department may identify requirements for the  
25 granting of reciprocity, including provisions limiting the

1 period of time in which a reciprocal participant may  
2 participate in the medical cannabis program.

3 J. A reciprocal participant:

4 (1) may participate in the medical cannabis  
5 program in accordance with department rules;

6 (2) shall not be required to comply with the  
7 registry identification card application and renewal  
8 requirements established pursuant to this section and  
9 department rules;

10 (3) shall at all times possess proof of  
11 authorization to participate in the medical cannabis program of  
12 another state, the District of Columbia, a territory or  
13 commonwealth of the United States or a New Mexico Indian  
14 nation, tribe or pueblo and shall present proof of that  
15 authorization when purchasing cannabis from a ~~[licensee]~~ person  
16 licensed pursuant to the Cannabis Regulation Act; and

17 (4) shall register with a ~~[licensee]~~ person  
18 licensed pursuant to the Cannabis Regulation Act for the  
19 purpose of tracking sales to the reciprocal participant in an  
20 electronic system that is accessible to the department."

21 SECTION 71. Section 29-13-3 NMSA 1978 (being Laws 1983,  
22 Chapter 289, Section 3, as amended) is amended to read:

23 "29-13-3. DISTRIBUTION OF CERTAIN INSURANCE COLLECTIONS  
24 AND CANNABIS EXCISE TAXES--LAW ENFORCEMENT PROTECTION FUND  
25 CREATED.--There is created in the state treasury the "law

1 enforcement protection fund". Ten percent of all money  
2 received for fees, licenses and penalties from life, general  
3 casualty and title insurance business pursuant to the New  
4 Mexico Insurance Code shall be paid monthly to the state  
5 treasurer and credited to the fund. Sixteen and one-half  
6 percent of all money received for excise taxes pursuant to  
7 Section 57 of this 2020 act shall be transferred monthly to the  
8 state treasurer and credited to the fund. On or before June 30  
9 of each year, the state treasurer shall transfer to the general  
10 fund any balance in the law enforcement protection fund in  
11 excess of one hundred thousand dollars (\$100,000) that is not  
12 obligated for expenses in that current fiscal year."

13 SECTION 72. Section 30-31-2 NMSA 1978 (being Laws 1972,  
14 Chapter 84, Section 2, as amended) is amended to read:

15 "30-31-2. DEFINITIONS.--As used in the Controlled  
16 Substances Act:

17 A. "administer" means the direct application of a  
18 controlled substance by any means to the body of a patient or  
19 research subject by a practitioner or the practitioner's agent;

20 B. "agent" includes an authorized person who acts  
21 on behalf of a manufacturer, distributor or dispenser. It does  
22 not include a common or contract carrier, public  
23 warehouseperson or employee of the carrier or warehouseperson;

24 C. "board" means the board of pharmacy;

25 D. "bureau" means the narcotic and dangerous drug

1 section of the criminal division of the United States  
2 department of justice, or its successor agency;

3 E. "controlled substance" means a drug or substance  
4 listed in Schedules I through V of the Controlled Substances  
5 Act or rules adopted thereto;

6 F. "counterfeit substance" means a controlled  
7 substance that bears the unauthorized trademark, trade name,  
8 imprint, number, device or other identifying mark or likeness  
9 of a manufacturer, distributor or dispenser other than the  
10 person who in fact manufactured, distributed or dispensed the  
11 controlled substance;

12 G. "deliver" means the actual, constructive or  
13 attempted transfer from one person to another of a controlled  
14 substance or controlled substance analog, whether or not there  
15 is an agency relationship;

16 H. "dispense" means to deliver a controlled  
17 substance to an ultimate user or research subject pursuant to  
18 the lawful order of a practitioner, including the  
19 administering, prescribing, packaging, labeling or compounding  
20 necessary to prepare the controlled substance for that  
21 delivery;

22 I. "dispenser" means a practitioner who dispenses  
23 and includes hospitals, pharmacies and clinics where controlled  
24 substances are dispensed;

25 J. "distribute" means to deliver other than by

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1 administering or dispensing a controlled substance or  
2 controlled substance analog;

3 K. "drug" or "substance" means substances  
4 recognized as drugs in the official United States  
5 pharmacopoeia, official homeopathic pharmacopoeia of the United  
6 States or official national formulary or any respective  
7 supplement to those publications. It does not include devices  
8 or their components, parts or accessories;

9 ~~[L. "hashish" means the resin extracted from any~~  
10 ~~part of marijuana, whether growing or not, and every compound,~~  
11 ~~manufacture, salt, derivative, mixture or preparation of such~~  
12 ~~resins;~~

13 M.] L. "hemp" means the plant Cannabis sativa L.  
14 and any part of that plant, including seeds and all  
15 derivatives, extracts, cannabinoids, isomers, acids, salts and  
16 salts of isomers, whether growing or not, with a delta-9-  
17 tetrahydrocannabinol concentration of not more than three-  
18 tenths percent on a dry weight basis;

19 ~~[N.]~~ M. "manufacture" means the production,  
20 preparation, compounding, conversion or processing of a  
21 controlled substance or controlled substance analog by  
22 extraction from substances of natural origin or independently  
23 by means of chemical synthesis or by a combination of  
24 extraction and chemical synthesis and includes any packaging or  
25 repackaging of the substance or labeling or relabeling of its

1 container, except that this term does not include the  
2 preparation or compounding of a controlled substance:

3 (1) by a practitioner as an incident to  
4 administering or dispensing a controlled substance in the  
5 course of the practitioner's professional practice; or

6 (2) by a practitioner, or by the  
7 practitioner's agent under the practitioner's supervision, for  
8 the purpose of or as an incident to research, teaching or  
9 chemical analysis and not for sale;

10 ~~[0. "marijuana" means all parts of the plant~~  
11 ~~cannabis, including any and all varieties, species and~~  
12 ~~subspecies of the genus Cannabis, whether growing or not, the~~  
13 ~~seeds thereof and every compound, manufacture, salt,~~  
14 ~~derivative, mixture or preparation of the plant or its seeds.~~  
15 ~~It does not include the mature stalks of the plant, hashish,~~  
16 ~~tetrahydrocannabinols extracted or isolated from marijuana,~~  
17 ~~fiber produced from the stalks, oil or cake made from the seeds~~  
18 ~~of the plant, any other compound, manufacture, salt,~~  
19 ~~derivative, mixture or preparation of the mature stalks, fiber,~~  
20 ~~oil or cake, or the sterilized seed of the plant that is~~  
21 ~~incapable of germination; or the plant Cannabis sativa L. and~~  
22 ~~any part of the plant, whether growing or not, containing a~~  
23 ~~delta-9-tetrahydrocannabinol concentration of no more than~~  
24 ~~three-tenths percent on a dry weight basis;~~

25 P.] N. "narcotic drug" means any of the following,



1 whether produced directly or indirectly by extraction from  
2 substances of vegetable origin or independently by means of  
3 chemical synthesis or by a combination of extraction and  
4 chemical synthesis:

5 (1) opium and opiate and any salt, compound,  
6 derivative or preparation of opium or opiate;

7 (2) any salt, compound, isomer, derivative or  
8 preparation that is a chemical equivalent of any of the  
9 substances referred to in Paragraph (1) of this subsection,  
10 except the isoquinoline alkaloids of opium;

11 (3) opium poppy and poppy straw, including all  
12 parts of the plant of the species *Papaver somniferum* L. except  
13 its seeds; or

14 (4) coca leaves and any salt, compound,  
15 derivative or preparation of coca leaves, any salt, compound,  
16 isomer, derivative or preparation that is a chemical equivalent  
17 of any of these substances except decocainized coca leaves or  
18 extractions of coca leaves that do not contain cocaine or  
19 ecgonine;

20 [Q-] O. "opiate" means any substance having an  
21 addiction-forming or addiction-sustaining liability similar to  
22 morphine or being capable of conversion into a drug having  
23 addiction-forming or addiction-sustaining liability. "Opiate"  
24 does not include, unless specifically designated as controlled  
25 under Section 30-31-5 NMSA 1978, the dextrorotatory isomer of

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1 3-methoxy-n-methylmorphinan and its salts, dextromethorphan.

2 "Opiate" does include its racemic and levorotatory forms;

3 [R-] P. "person" means an individual, partnership,  
4 corporation, association, institution, political subdivision,  
5 government agency or other legal entity;

6 [S-] Q. "practitioner" means a physician, certified  
7 advanced practice chiropractic physician, doctor of oriental  
8 medicine, dentist, physician assistant, certified nurse  
9 practitioner, clinical nurse specialist, certified nurse-  
10 midwife, prescribing psychologist, veterinarian, euthanasia  
11 technician, pharmacist, pharmacist clinician or other person  
12 licensed or certified to prescribe and administer drugs that  
13 are subject to the Controlled Substances Act;

14 [T-] R. "prescription" means an order given  
15 individually for the person for whom is prescribed a controlled  
16 substance, either directly from a licensed practitioner or the  
17 practitioner's agent to the pharmacist, including by means of  
18 electronic transmission, or indirectly by means of a written  
19 order signed by the prescriber, bearing the name and address of  
20 the prescriber, the prescriber's license classification, the  
21 name and address of the patient, the name and quantity of the  
22 drug prescribed, directions for use and the date of issue and  
23 in accordance with the Controlled Substances Act or rules  
24 adopted thereto;

25 [U-] S. "scientific investigator" means a person

1 registered to conduct research with controlled substances in  
2 the course of the person's professional practice or research  
3 and includes analytical laboratories;

4 [V.] T. "ultimate user" means a person who lawfully  
5 possesses a controlled substance for the person's own use or  
6 for the use of a member of the person's household or for  
7 administering to an animal under the care, custody and control  
8 of the person or by a member of the person's household;

9 ~~[W. "drug paraphernalia" means all equipment,~~  
10 ~~products and materials of any kind that are used, intended for~~  
11 ~~use or designed for use in planting, propagating, cultivating,~~  
12 ~~growing, harvesting, manufacturing, compounding, converting,~~  
13 ~~producing, processing, preparing, testing, analyzing,~~  
14 ~~packaging, repackaging, storing, containing, concealing,~~  
15 ~~injecting, ingesting, inhaling or otherwise introducing into~~  
16 ~~the human body a controlled substance or controlled substance~~  
17 ~~analog in violation of the Controlled Substances Act. It~~  
18 ~~includes:~~

19 ~~(1) kits used, intended for use or designed~~  
20 ~~for use in planting, propagating, cultivating, growing or~~  
21 ~~harvesting any species of plant that is a controlled substance~~  
22 ~~or controlled substance analog or from which a controlled~~  
23 ~~substance can be derived;~~

24 ~~(2) kits used, intended for use or designed~~  
25 ~~for use in manufacturing, compounding, converting, producing,~~

1 ~~processing or preparing controlled substances or controlled~~  
2 ~~substance analogs;~~

3 ~~(3) isomerization devices used, intended for~~  
4 ~~use or designed for use in increasing the potency of any~~  
5 ~~species of plant that is a controlled substance;~~

6 ~~(4) testing equipment used, intended for use~~  
7 ~~or designed for use in identifying or in analyzing the~~  
8 ~~strength, effectiveness or purity of controlled substances or~~  
9 ~~controlled substance analogs;~~

10 ~~(5) scales or balances used, intended for use~~  
11 ~~or designed for use in weighing or measuring controlled~~  
12 ~~substances or controlled substance analogs;~~

13 ~~(6) diluents and adulterants, such as quinine~~  
14 ~~hydrochloride, mannitol, mannite dextrose and lactose, used,~~  
15 ~~intended for use or designed for use in cutting controlled~~  
16 ~~substances or controlled substance analogs;~~

17 ~~(7) separation gins and sifters used, intended~~  
18 ~~for use or designed for use in removing twigs and seeds from,~~  
19 ~~or in otherwise cleaning and refining, marijuana;~~

20 ~~(8) blenders, bowls, containers, spoons and~~  
21 ~~mixing devices used, intended for use or designed for use in~~  
22 ~~compounding controlled substances or controlled substance~~  
23 ~~analog;~~

24 ~~(9) capsules, balloons, envelopes and other~~  
25 ~~containers used, intended for use or designed for use in~~

1 ~~packaging small quantities of controlled substances or~~  
2 ~~controlled substance analogs;~~

3 ~~(10) containers and other objects used,~~  
4 ~~intended for use or designed for use in storing or concealing~~  
5 ~~controlled substances or controlled substance analogs;~~

6 ~~(11) hypodermic syringes, needles and other~~  
7 ~~objects used, intended for use or designed for use in~~  
8 ~~parenterally injecting controlled substances or controlled~~  
9 ~~substance analogs into the human body;~~

10 ~~(12) objects used, intended for use or~~  
11 ~~designed for use in ingesting, inhaling or otherwise~~  
12 ~~introducing marijuana, cocaine, hashish or hashish oil into the~~  
13 ~~human body, such as:~~

14 ~~(a) metal, wooden, acrylic, glass,~~  
15 ~~stone, plastic or ceramic pipes, with or without screens,~~  
16 ~~permanent screens, hashish heads or punctured metal bowls;~~

17 ~~(b) water pipes;~~

18 ~~(c) carburetion tubes and devices;~~

19 ~~(d) smoking and carburetion masks;~~

20 ~~(e) roach clips, meaning objects used to~~  
21 ~~hold burning material, such as a marijuana cigarette, that has~~  
22 ~~become too small to hold in the hand;~~

23 ~~(f) miniature cocaine spoons and cocaine~~  
24 ~~vials;~~

25 ~~(g) chamber pipes;~~

- 1                                   ~~(h) carburetor pipes;~~  
2                                   ~~(i) electric pipes;~~  
3                                   ~~(j) air-driven pipes;~~  
4                                   ~~(k) chilams;~~  
5                                   ~~(l) bongs; or~~  
6                                   ~~(m) ice pipes or chillers; and~~  
7                                   ~~(13) in determining whether an object is drug~~  
8 ~~paraphernalia, a court or other authority should consider, in~~  
9 ~~addition to all other logically relevant factors, the~~  
10 ~~following:~~  
11                                   ~~(a) statements by the owner or by anyone~~  
12 ~~in control of the object concerning its use;~~  
13                                   ~~(b) the proximity of the object, in time~~  
14 ~~and space, to a direct violation of the Controlled Substances~~  
15 ~~Act or any other law relating to controlled substances or~~  
16 ~~controlled substance analogs;~~  
17                                   ~~(c) the proximity of the object to~~  
18 ~~controlled substances or controlled substance analogs;~~  
19                                   ~~(d) the existence of any residue of a~~  
20 ~~controlled substance or controlled substance analog on the~~  
21 ~~object;~~  
22                                   ~~(e) instructions, written or oral,~~  
23 ~~provided with the object concerning its use;~~  
24                                   ~~(f) descriptive materials accompanying~~  
25 ~~the object that explain or depict its use;~~

1 ~~(g) the manner in which the object is~~  
2 ~~displayed for sale; and~~

3 ~~(h) expert testimony concerning its use;~~

4 X.] U. "controlled substance analog":

5 (1) means a substance other than a controlled  
6 substance that has a chemical structure substantially similar  
7 to that of a controlled substance in Schedule I, II, III, IV or  
8 V or that was specifically designed to produce effects  
9 substantially similar to that of controlled substances in  
10 Schedule I, II, III, IV or V. Examples of chemical classes in  
11 which controlled substance analogs are found include the  
12 following:

13 [~~(1)~~] (a) phenethylamines;

14 [~~(2)~~] (b) N-substituted piperidines;

15 [~~(3)~~] (c) morphinans;

16 [~~(4)~~] (d) ecgonines;

17 [~~(5)~~] (e) quinazolinones;

18 [~~(6)~~] (f) substituted indoles; and

19 [~~(7)~~] (g) arylcycloalkylamines; and

20 [~~Specifically excluded from the definition of "controlled~~  
21 ~~substance analog" are those]~~

22 (2) does not include substances that are  
23 generally recognized as safe and effective within the meaning  
24 of the Federal Food, Drug, and Cosmetic Act or have been  
25 manufactured, distributed or possessed in conformance with the

1 provisions of an approved new drug application or an exemption  
2 for investigational use within the meaning of Section 505 of  
3 the Federal Food, Drug, and Cosmetic Act;

4 ~~[Y.]~~ V. "human consumption" includes application,  
5 injection, inhalation, ingestion or any other manner of  
6 introduction;

7 ~~[Z.]~~ W. "drug-free school zone" means a public  
8 school, parochial school or private school or property that is  
9 used for a public, parochial or private school purpose and the  
10 area within one thousand feet of the school property line, but  
11 it does not mean any post-secondary school; and

12 ~~[AA.]~~ X. "valid practitioner-patient relationship"  
13 means a professional relationship, as defined by the  
14 practitioner's licensing board, between the practitioner and  
15 the patient."

16 **SECTION 73.** Section 30-31-6 NMSA 1978 (being Laws 1972,  
17 Chapter 84, Section 6, as amended) is amended to read:

18 "30-31-6. SCHEDULE I.--The following controlled  
19 substances are included in Schedule I:

20 A. any of the following opiates, including their  
21 isomers, esters, ethers, salts, and salts of isomers, esters  
22 and ethers, unless specifically exempted, whenever the  
23 existence of these isomers, esters, ethers and salts is  
24 possible within the specific chemical designation:

25 (1) acetylmethadol;



underscored material = new  
[bracketed material] = delete

- 1 (2) allylprodine;
- 2 (3) alphacetylmethadol;
- 3 (4) alphameprodine;
- 4 (5) alphamethadol;
- 5 (6) benzethidine;
- 6 (7) betacetylmethadol;
- 7 (8) betameprodine;
- 8 (9) betamethadol;
- 9 (10) betaprodine;
- 10 (11) clonitazene;
- 11 (12) dextromoramide;
- 12 (13) dextrorphan;
- 13 (14) diampromide;
- 14 (15) diethylthiambutene;
- 15 (16) dimenoxadol;
- 16 (17) dimepheptanol;
- 17 (18) dimethylthiambutene;
- 18 (19) dioxaphetyl butyrate;
- 19 (20) dipipanone;
- 20 (21) ethylmethylthiambutene;
- 21 (22) etonitazene;
- 22 (23) etoxeridine;
- 23 (24) furethidine;
- 24 (25) hydroxypethidine;
- 25 (26) ketobemidone;

- (27) levomoramide;
- (28) levophenacymorphan;
- (29) morpheridine;
- (30) noracymethadol;
- (31) norlevorphanol;
- (32) normethadone;
- (33) norpipanone;
- (34) phenadoxone;
- (35) phenampromide;
- (36) phenomorphan;
- (37) phenoperidine;
- (38) piritramide;
- (39) proheptazine;
- (40) properidine;
- (41) racemoramide; and
- (42) trimeperidine;

B. any of the following opium derivatives, their salts, isomers and salts of isomers, unless specifically exempted, whenever the existence of these salts, isomers and salts of isomers is possible within the specific chemical designation:

- (1) acetorphine;
- (2) acetyldihydrocodeine;
- (3) benzylmorphine;
- (4) codeine methylbromide;

- (5) codeine-N-oxide;
- (6) cyprenorphine;
- (7) desomorphine;
- (8) dihydromorphine;
- (9) etorphine;
- (10) heroin;
- (11) hydromorphenol;
- (12) methyl-desorphine;
- (13) methyl-dihydromorphine;
- (14) morphine methylbromide;
- (15) morphine methylsulfonate;
- (16) morphine-N-oxide;
- (17) myrophine;
- (18) nicocodeine;
- (19) nicomorphine;
- (20) normorphine;
- (21) pholcodine; and
- (22) thebacon;

C. any material, compound, mixture or preparation that contains any quantity of the following hallucinogenic substances, their salts, isomers and salts of isomers, unless specifically exempted, whenever the existence of these salts, isomers and salts of isomers is possible within the specific chemical designation:

- (1) 3,4-methylenedioxy amphetamine;

- 1 (2) 5-methoxy-3,4-methylenedioxy amphetamine;
- 2 (3) 3,4,5-trimethoxy amphetamine;
- 3 (4) bufotenine;
- 4 (5) diethyltryptamine;
- 5 (6) dimethyltryptamine;
- 6 (7) 4-methyl-2,5-dimethoxy amphetamine;
- 7 (8) ibogaine;
- 8 (9) lysergic acid diethylamide;
- 9 [~~(10)~~] ~~marijuana~~;
- 10 [~~(11)~~] (10) mescaline;
- 11 [~~(12)~~] (11) peyote, except as otherwise  
12 provided in the Controlled Substances Act;
- 13 [~~(13)~~] (12) N-ethyl-3-piperidyl benzilate;
- 14 [~~(14)~~] (13) N-methyl-3-piperidyl benzilate;
- 15 [~~(15)~~] (14) psilocybin;
- 16 [~~(16)~~] (15) psilocyn;
- 17 [~~(17)~~] ~~tetrahydrocannabinols~~;
- 18 [~~(18)~~] ~~hashish~~;
- 19 [~~(19)~~] (16) synthetic cannabinoids, including:
  - 20 (a) 1-[2-(4-(morpholinyl)ethyl]  
21 -3-(1-naphthoyl)indole;
  - 22 (b) 1-butyl-3-(1-naphthoyl)indole;
  - 23 (c) 1-hexyl-3-(1-naphthoyl)indole;
  - 24 (d) 1-pentyl-3-(1-naphthoyl)indole;
  - 25 (e) 1-pentyl-3-(2-methoxyphenylacetyl)

1 indole;

2 (f) cannabicyclohexanol (CP 47, 497 and  
3 homologues: 5-(1,1-dimethylheptyl)-2-[(1R,3S)  
4 -3-hydroxycyclohexyl]-phenol (CP-47,497); and 5-(1,  
5 1-dimethyloctyl)-2-[(1R,3S)-3-hydroxycyclohexyl]-phenol;

6 (g) 6aR,10aR)-9-(hydroxymethyl)  
7 -6,6-dimethyl-3-(2-methyloctan-2-yl)-6a,7,10,  
8 10a-tetrahydrobenzo[c]chromen-1-ol);

9 (h) dexanabinol, (6aS,10aS)  
10 -9-(hydroxymethyl)-6,6-dimethyl-3-(2-methyloctan-2-yl)  
11 -6a,7,10,10a-tetrahydrobenzo[c]chromen-1-ol;

12 (i) 1-pentyl-3-(4-chloro naphthoyl)  
13 indole;

14 (j) (2-methyl-1-propyl-1H-indol-3-yl)  
15 -1-naphthalenyl-methanone; and

16 (k) 5-(1,1-dimethylheptyl)-2-(3-hydroxy  
17 cyclohexyl)-phenol;

18 [~~(17)~~] (17) 3,4-methylenedioxymethcathinone;

19 [~~(18)~~] (18) 3,4-methylenedioxypyrovalerone;

20 [~~(19)~~] (19) 4-methylmethcathinone;

21 [~~(20)~~] (20) 4-methoxymethcathinone;

22 [~~(21)~~] (21) 3-fluoromethcathinone; and

23 [~~(22)~~] (22) 4-fluoromethcathinone;

24 D. the enumeration of peyote as a controlled  
25 substance does not apply to the use of peyote in bona fide

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1 religious ceremonies by a bona fide religious organization, and  
2 members of the organization so using peyote are exempt from  
3 registration. Any person who manufactures peyote for or  
4 distributes peyote to the organization or its members shall  
5 comply with the federal Comprehensive Drug Abuse Prevention and  
6 Control Act of 1970 and all other requirements of law; and

7 ~~[E.—the enumeration of marijuana,~~  
8 ~~tetrahydrocannabinols or chemical derivatives of~~  
9 ~~tetrahydrocannabinol as Schedule I controlled substances does~~  
10 ~~not apply to:~~

11 ~~(1) hemp pursuant to rules promulgated by the~~  
12 ~~board of regents of New Mexico state university on behalf of~~  
13 ~~the New Mexico department of agriculture;~~

14 ~~(2) cultivation of hemp by persons pursuant to~~  
15 ~~rules promulgated by the board of regents of New Mexico state~~  
16 ~~university on behalf of the New Mexico department of~~  
17 ~~agriculture;~~

18 ~~(3) tetrahydrocannabinols or chemical~~  
19 ~~derivatives of tetrahydrocannabinols, including~~  
20 ~~tetrahydrocannabinols or chemical derivatives of~~  
21 ~~tetrahydrocannabinols with concentrations of up to five percent~~  
22 ~~as measured using a post-decarboxylation method and based on~~  
23 ~~percentage dry weight, possessed by a person in connection with~~  
24 ~~the cultivation, transportation, testing, researching,~~  
25 ~~manufacturing or other processing of the plant Cannabis sativa~~

1 ~~L., or any part of the plant whether growing or not, if~~  
2 ~~authorized pursuant to rules promulgated, pursuant to the Hemp~~  
3 ~~Manufacturing Act, by the board of regents of New Mexico state~~  
4 ~~university on behalf of the New Mexico department of~~  
5 ~~agriculture or the department of environment;~~

6 ~~(4) tetrahydrocannabinols or chemical~~  
7 ~~derivatives of tetrahydrocannabinols, including~~  
8 ~~tetrahydrocannabinols or chemical derivatives of~~  
9 ~~tetrahydrocannabinols in any concentration possessed by a~~  
10 ~~person in connection with the extraction of~~  
11 ~~tetrahydrocannabinols or chemical derivatives of~~  
12 ~~tetrahydrocannabinols, if authorized pursuant to rules~~  
13 ~~promulgated, pursuant to the Hemp Manufacturing Act, by the~~  
14 ~~board of regents of New Mexico state university on behalf of~~  
15 ~~the New Mexico department of agriculture or the department of~~  
16 ~~environment;~~

17 ~~(5) the use of marijuana,~~  
18 ~~tetrahydrocannabinols or chemical derivatives of~~  
19 ~~tetrahydrocannabinol by certified patients pursuant to the~~  
20 ~~Controlled Substances Therapeutic Research Act or by qualified~~  
21 ~~patients pursuant to the provisions of the Lynn and Erin~~  
22 ~~Compassionate Use Act; or~~

23 ~~(6) the use, dispensing, possession,~~  
24 ~~prescribing, storage or transport of a prescription drug that~~  
25 ~~the United States food and drug administration has approved and~~

1 ~~that contains marijuana, a tetrahydrocannabinol derivative or a~~  
2 ~~chemical derivative of tetrahydrocannabinol; and~~

3 F.] E. controlled substances added to Schedule I by  
4 rule adopted by the board pursuant to Section 30-31-3 NMSA  
5 1978."

6 SECTION 74. Section 30-31-7 NMSA 1978 (being Laws 1972,  
7 Chapter 84, Section 7, as amended) is amended to read:

8 "30-31-7. SCHEDULE II.--

9 A. The following controlled substances are included  
10 in Schedule II:

11 (1) any of the following substances, except  
12 those narcotic drugs listed in other schedules, whether  
13 produced directly or indirectly by extraction from substances  
14 of vegetable origin, or independently by means of chemical  
15 synthesis, or by combination of extraction and chemical  
16 synthesis:

17 (a) opium and opiate, and any salt,  
18 compound, derivative or preparation of opium or opiate;

19 (b) any salt, compound, isomer,  
20 derivative or preparation thereof that is chemically equivalent  
21 or identical with any of the substances referred to in  
22 Subparagraph (a) of this paragraph, but not including the  
23 isoquinoline alkaloids of opium;

24 (c) opium poppy and poppy straw; and

25 (d) coca leaves and any salt, compound,



1 derivative or preparation of coca leaves, and any salt,  
2 compound, derivative or preparation thereof that is chemically  
3 equivalent or identical with any of these substances, but not  
4 including decocainized coca leaves or extractions that do not  
5 contain cocaine or ecgonine;

6 ~~[(e) marijuana, but only for the use by~~  
7 ~~certified patients pursuant to the Controlled Substances~~  
8 ~~Therapeutic Research Act or by qualified patients pursuant to~~  
9 ~~the provisions of the Lynn and Erin Compassionate Use Act; and~~

10 ~~(f) tetrahydrocannabinols or chemical~~  
11 ~~derivatives of tetrahydrocannabinol, but only for the use by~~  
12 ~~certified patients pursuant to the Controlled Substances~~  
13 ~~Therapeutic Research Act or by qualified patients pursuant to~~  
14 ~~the provisions of the Lynn and Erin Compassionate Use Act.~~

15 ~~Marijuana, tetrahydrocannabinols or chemical derivatives~~  
16 ~~of tetrahydrocannabinol shall be considered Schedule II~~  
17 ~~controlled substances only for the purposes enumerated in the~~  
18 ~~Controlled Substances Therapeutic Research Act or the Lynn and~~  
19 ~~Erin Compassionate Use Act;]~~

20 (2) any of the following opiates, including  
21 their isomers, esters, ethers, salts and salts of isomers,  
22 whenever the existence of these isomers, esters, ethers and  
23 salts is possible within the specific chemical designation:

24 (a) alphaprodine;

25 (b) anileridine;

- 1 (c) bezitramide;
- 2 (d) dihydrocodeine;
- 3 (e) diphenoxylate;
- 4 (f) fentanyl;
- 5 (g) hydromorphone;
- 6 (h) isomethadone;
- 7 (i) levomethorphan;
- 8 (j) levorphanol;
- 9 (k) meperidine;
- 10 (l) metazocine;
- 11 (m) methadone;
- 12 (n) methadone--intermediate,
- 13 4-cyano-2-dimethylamino-4, 4-diphenyl butane;
- 14 (o) moramide--intermediate,
- 15 2-methyl-3-morpholino-1, 1-diphenyl-propane-carboxylic acid;
- 16 (p) oxycodone;
- 17 (q) pethidine;
- 18 (r) pethidine--intermediate--A,
- 19 4-cyano-1-methyl-4-phenylpiperidine;
- 20 (s) pethidine--intermediate--B,
- 21 ethyl-4-phenyl-piperidine-4-carboxylate;
- 22 (t) pethidine--intermediate--C,
- 23 1-methyl-4-phenylpiperidine-4-carboxylic acid;
- 24 (u) phenazocine;
- 25 (v) piminodine;

- 1 (w) racemethorphan; and  
2 (x) racemorphan;  
3 (3) unless listed in another schedule, any  
4 material, compound, mixture or preparation that contains any  
5 quantity of the following substances having a potential for  
6 abuse associated with a stimulant effect on the central nervous  
7 system:  
8 (a) amphetamine, its salts, optical  
9 isomers and salts of its optical isomers;  
10 (b) phenmetrazine and its salts;  
11 (c) methamphetamine, its salts, isomers  
12 and salts of isomers; and  
13 (d) methylphenidate; and  
14 (4) controlled substances added to Schedule II  
15 by rule adopted by the board pursuant to Section 30-31-3 NMSA  
16 1978.  
17 B. Where methadone is prescribed, administered or  
18 dispensed by a practitioner of a drug abuse rehabilitation  
19 program while acting in the course of the practitioner's  
20 professional practice, or otherwise lawfully obtained or  
21 possessed by a person, such person shall not possess such  
22 methadone beyond the date stamped or typed on the label of the  
23 container of the methadone, nor shall any person possess  
24 methadone except in the container in which it was originally  
25 administered or dispensed to such person, and such container

1 shall include a label showing the name of the prescribing  
2 physician or practitioner, the identity of methadone, the name  
3 of the ultimate user, the date when the methadone is to be  
4 administered to or used or consumed by the named ultimate user  
5 shown on the label and a warning on the label of the methadone  
6 container that the ultimate user must use, consume or  
7 administer to the ultimate user the methadone in such  
8 container. Any person who violates this subsection is guilty  
9 of a felony and shall be punished by imprisonment for not less  
10 than one year nor more than five years, or by a fine of up to  
11 five thousand dollars (\$5,000), or both."

12 SECTION 75. Section 30-31-21 NMSA 1978 (being Laws 1972,  
13 Chapter 84, Section 21, as amended) is amended to read:

14 "30-31-21. DISTRIBUTION TO A MINOR.--Except as authorized  
15 by the Controlled Substances Act, no person who is eighteen  
16 years of age or older shall intentionally distribute a  
17 controlled substance to a person under the age of eighteen  
18 years. Any person who violates this section with respect to

19 [A. ~~marijuana is:~~

20 ~~(1) for the first offense, guilty of a third~~  
21 ~~degree felony and shall be sentenced pursuant to the provisions~~  
22 ~~of Section 31-18-15 NMSA 1978; and~~

23 ~~(2) for the second and subsequent offenses,~~  
24 ~~guilty of a second degree felony and shall be sentenced~~  
25 ~~pursuant to the provisions of Section 31-18-15 NMSA 1978; and~~

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1           ~~B. any other~~] a controlled substance enumerated in  
2     ~~[Schedules]~~ Schedule I, II, III or IV or a controlled substance  
3     analog of any controlled substance enumerated in Schedule I,  
4     II, III or IV is:

5           ~~[1]~~ A. for the first offense, guilty of a second  
6     degree felony and shall be sentenced pursuant to the provisions  
7     of Section 31-18-15 NMSA 1978; and

8           ~~[2]~~ B. for the second and subsequent offenses,  
9     guilty of a first degree felony and shall be sentenced pursuant  
10    to the provisions of Section 31-18-15 NMSA 1978."

11         **SECTION 76.** Section 30-31-22 NMSA 1978 (being Laws 1972,  
12     Chapter 84, Section 22, as amended) is amended to read:

13         "30-31-22. CONTROLLED OR COUNTERFEIT SUBSTANCES--  
14     DISTRIBUTION PROHIBITED.--

15           A. Except as authorized by the Controlled  
16     Substances Act, it is unlawful for a person to intentionally  
17     distribute or possess with intent to distribute a controlled  
18     substance or a controlled substance analog except a substance  
19     enumerated in Schedule I or II that is a narcotic drug, a  
20     controlled substance analog of a controlled substance  
21     enumerated in Schedule I or II that is a narcotic drug or  
22     methamphetamine, its salts, isomers and salts of isomers. A  
23     person who violates this subsection with respect to:

24                 (1) ~~[marijuana or]~~ synthetic cannabinoids is:

25                     (a) for the first offense, guilty of a

1 fourth degree felony and shall be sentenced pursuant to the  
2 provisions of Section 31-18-15 NMSA 1978;

3 (b) for the second and subsequent  
4 offenses, guilty of a third degree felony and shall be  
5 sentenced pursuant to the provisions of Section 31-18-15 NMSA  
6 1978;

7 (c) for the first offense, if more than  
8 one hundred pounds is possessed with intent to distribute or  
9 distributed or both, guilty of a third degree felony and shall  
10 be sentenced pursuant to the provisions of Section 31-18-15  
11 NMSA 1978; and

12 (d) for the second and subsequent  
13 offenses, if more than one hundred pounds is possessed with  
14 intent to distribute or distributed or both, guilty of a second  
15 degree felony and shall be sentenced pursuant to the provisions  
16 of Section 31-18-15 NMSA 1978;

17 (2) any other controlled substance enumerated in  
18 Schedule I, II, III or IV or a controlled substance analog of a  
19 controlled substance enumerated in Schedule I, II, III or IV  
20 except a substance enumerated in Schedule I or II that is a  
21 narcotic drug, a controlled substance analog of a controlled  
22 substance enumerated in Schedule I or II that is a narcotic  
23 drug or methamphetamine, its salts, isomers and salts of  
24 isomers, is:

25 (a) for the first offense, guilty of a third

1 degree felony and shall be sentenced pursuant to the provisions  
2 of Section 31-18-15 NMSA 1978; and

3 (b) for the second and subsequent offenses,  
4 guilty of a second degree felony and shall be sentenced  
5 pursuant to the provisions of Section 31-18-15 NMSA 1978; and

6 (3) a controlled substance enumerated in  
7 Schedule V or a controlled substance analog of a controlled  
8 substance enumerated in Schedule V is guilty of a misdemeanor  
9 and shall be punished by a fine of not less than one hundred  
10 dollars (\$100) or more than five hundred dollars (\$500) or by  
11 imprisonment for a definite term not less than one hundred  
12 eighty days but less than one year, or both.

13 B. It is unlawful for a person to distribute gamma  
14 hydroxybutyric acid or flunitrazepam to another person without  
15 that person's knowledge and with intent to commit a crime  
16 against that person, including criminal sexual penetration.  
17 For the purposes of this subsection, "without that person's  
18 knowledge" means the person is unaware that a substance with  
19 the ability to alter that person's ability to appraise conduct  
20 or to decline participation in or communicate unwillingness to  
21 participate in conduct is being distributed to that person.

22 Any person who violates this subsection is:

23 (1) for the first offense, guilty of a third  
24 degree felony and shall be sentenced pursuant to the provisions  
25 of Section 31-18-15 NMSA 1978; and

1 (2) for the second and subsequent offenses,  
2 guilty of a second degree felony and shall be sentenced  
3 pursuant to the provisions of Section 31-18-15 NMSA 1978.

4 C. Except as authorized by the Controlled Substances  
5 Act, it is unlawful for a person to intentionally create or  
6 deliver, or possess with intent to deliver, a counterfeit  
7 substance. A person who violates this subsection with respect  
8 to:

9 (1) a counterfeit substance enumerated in  
10 Schedule I, II, III or IV is guilty of a fourth degree felony  
11 and shall be sentenced pursuant to the provisions of Section  
12 31-18-15 NMSA 1978; ~~[and]~~ or

13 (2) a counterfeit substance enumerated in  
14 Schedule V is guilty of a petty misdemeanor and shall be  
15 punished by a fine of not more than one hundred dollars (\$100)  
16 or by imprisonment for a definite term not to exceed six  
17 months, or both.

18 D. A person who knowingly violates Subsection A or C  
19 of this section while within a drug-free school zone with  
20 respect to:

21 (1) ~~[marijuana or]~~ synthetic cannabinoids is:

22 (a) for the first offense, guilty of a third  
23 degree felony and shall be sentenced pursuant to the provisions  
24 of Section 31-18-15 NMSA 1978;

25 (b) for the second and subsequent offenses,



1 guilty of a second degree felony and shall be sentenced  
2 pursuant to the provisions of Section 31-18-15 NMSA 1978;

3 (c) for the first offense, if more than one  
4 hundred pounds is possessed with intent to distribute or  
5 distributed or both, guilty of a second degree felony and shall  
6 be sentenced pursuant to the provisions of Section 31-18-15  
7 NMSA 1978; and

8 (d) for the second and subsequent offenses,  
9 if more than one hundred pounds is possessed with intent to  
10 distribute or distributed or both, guilty of a first degree  
11 felony and shall be sentenced pursuant to the provisions of  
12 Section 31-18-15 NMSA 1978;

13 (2) any other controlled substance enumerated in  
14 Schedule I, II, III or IV or a controlled substance analog of a  
15 controlled substance enumerated in Schedule I, II, III or IV  
16 except a substance enumerated in Schedule I or II that is a  
17 narcotic drug, a controlled substance analog of a controlled  
18 substance enumerated in Schedule I or II that is a narcotic  
19 drug or methamphetamine, its salts, isomers and salts of  
20 isomers, is:

21 (a) for the first offense, guilty of a  
22 second degree felony and shall be sentenced pursuant to the  
23 provisions of Section 31-18-15 NMSA 1978; and

24 (b) for the second and subsequent offenses,  
25 guilty of a first degree felony and shall be sentenced pursuant

1 to the provisions of Section 31-18-15 NMSA 1978;

2 (3) a controlled substance enumerated in  
3 Schedule V or a controlled substance analog of a controlled  
4 substance enumerated in Schedule V is guilty of a fourth degree  
5 felony and shall be sentenced pursuant to the provisions of  
6 Section 31-18-15 NMSA 1978; and

7 (4) the intentional creation, delivery or  
8 possession with the intent to deliver:

9 (a) a counterfeit substance enumerated in  
10 Schedule I, II, III or IV is guilty of a third degree felony  
11 and shall be sentenced pursuant to the provisions of Section  
12 31-18-15 NMSA 1978; ~~[and]~~ or

13 (b) a counterfeit substance enumerated in  
14 Schedule V is guilty of a misdemeanor and shall be punished by  
15 a fine of not less than one hundred dollars (\$100) nor more  
16 than five hundred dollars (\$500) or by imprisonment for a  
17 definite term not less than one hundred eighty days but less  
18 than one year, or both.

19 E. Notwithstanding the provisions of Subsection A of  
20 this section, distribution of a small amount of ~~[marijuana or]~~  
21 synthetic cannabinoids for no remuneration shall be treated as  
22 provided in Paragraph (1) of Subsection B of Section 30-31-23  
23 NMSA 1978."

24 SECTION 77. Section 30-31-23 NMSA 1978 (being Laws 1972,  
25 Chapter 84, Section 23, as amended) is amended to read:

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1 "30-31-23. CONTROLLED SUBSTANCES--POSSESSION

2 PROHIBITED.--

3 A. It is unlawful for a person intentionally to  
4 possess a controlled substance unless the substance was  
5 obtained pursuant to a valid prescription or order of a  
6 practitioner while acting in the course of professional  
7 practice or except as otherwise authorized by the Controlled  
8 Substances Act. It is unlawful for a person intentionally to  
9 possess a controlled substance analog.

10 ~~[B. A person who violates this section with respect~~  
11 ~~to:~~

12 ~~(1) up to one-half ounce of marijuana shall be~~  
13 ~~issued a penalty assessment, pursuant to Section 3 of this 2019~~  
14 ~~act and is subject to a fine of fifty dollars (\$50.00);~~

15 ~~(2) more than one-half ounce but up to and~~  
16 ~~including one ounce of marijuana is, for the first offense,~~  
17 ~~guilty of a petty misdemeanor and shall be punished by a fine~~  
18 ~~of not less than fifty dollars (\$50.00) or more than one~~  
19 ~~hundred dollars (\$100) and by imprisonment for not more than~~  
20 ~~fifteen days, and, for a second or subsequent offense, is~~  
21 ~~guilty of a misdemeanor and shall be punished by a fine of not~~  
22 ~~less than one hundred dollars (\$100) or more than one thousand~~  
23 ~~dollars (\$1,000) or by imprisonment for a definite term of less~~  
24 ~~than one year, or both;~~

25 ~~(3) more than one ounce but less than eight~~

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1 ~~ounces of marijuana is guilty of a misdemeanor and shall be~~  
2 ~~punished by a fine of not less than one hundred dollars (\$100)~~  
3 ~~or more than one thousand dollars (\$1,000) or by imprisonment~~  
4 ~~for a definite term of less than one year, or both; or~~

5 ~~(4) eight ounces or more of marijuana is guilty~~  
6 ~~of a fourth degree felony and shall be sentenced pursuant to~~  
7 ~~the provisions of Section 31-18-15 NMSA 1978.~~

8 G.] B. A person who violates this section with  
9 respect to:

10 (1) one ounce or less of synthetic cannabinoids  
11 is, for the first offense, guilty of a petty misdemeanor and  
12 shall be punished by a fine of not less than fifty dollars  
13 (\$50.00) or more than one hundred dollars (\$100) and by  
14 imprisonment for not more than fifteen days, and, for the  
15 second and subsequent offenses, is guilty of a misdemeanor and  
16 shall be punished by a fine of not less than one hundred  
17 dollars (\$100) or more than one thousand dollars (\$1,000) or by  
18 imprisonment for a definite term less than one year, or both;

19 (2) more than one ounce and less than eight  
20 ounces of synthetic cannabinoids is guilty of a misdemeanor and  
21 shall be punished by a fine of not less than one hundred  
22 dollars (\$100) or more than one thousand dollars (\$1,000) or by  
23 imprisonment for a definite term less than one year, or both;  
24 or

25 (3) eight ounces or more of synthetic

1       cannabinoids is guilty of a fourth degree felony and shall be  
2       sentenced pursuant to the provisions of Section 31-18-15 NMSA  
3       1978.

4               ~~[D-]~~ C. A minor who violates this section with  
5       respect to the substances listed in this subsection is guilty  
6       of a petty misdemeanor and, notwithstanding the provisions of  
7       Sections 32A-1-5 and 32A-2-19 NMSA 1978, shall be punished by a  
8       fine not to exceed one hundred dollars (\$100) or forty-eight  
9       hours of community service. For the third or subsequent  
10      violation by a minor of this section with respect to those  
11      substances, the provisions of Section 32A-2-19 NMSA 1978 shall  
12      govern punishment of the minor. As used in this subsection,  
13      "minor" means a person who is less than eighteen years of age.  
14      The provisions of this subsection apply to the following  
15      substances:

- 16                   (1) synthetic cannabinoids;  
17                   (2) any of the substances listed in Paragraphs  
18      ~~[420-]~~ (17) through ~~[425-]~~ (22) of Subsection C of Section  
19      30-31-6 NMSA 1978; or  
20                   (3) a substance added to Schedule I by a rule of  
21      the board adopted on or after March 31, 2011 if the board  
22      determines that the pharmacological effect of the substance,  
23      the risk to the public health by abuse of the substance and the  
24      potential of the substance to produce psychic or physiological  
25      dependence liability is similar to the substances described in

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Paragraph (1) or (2) of this subsection.

~~[E.]~~ D. Except as provided in Subsections B ~~[C and G]~~  
and F of this section, and for those substances listed in  
Subsection ~~[F]~~ E of this section, a person who violates this  
section with respect to any amount of any controlled substance  
enumerated in Schedule I, II, III or IV or a controlled  
substance analog of a substance enumerated in Schedule I, II,  
III or IV is guilty of a misdemeanor and shall be punished by a  
fine of not less than five hundred dollars (\$500) or more than  
one thousand dollars (\$1,000) or by imprisonment for a definite  
term less than one year, or both.

~~[F.]~~ E. A person who violates this section with  
respect to phencyclidine as enumerated in Schedule III or a  
controlled substance analog of phencyclidine; methamphetamine,  
its salts, isomers or salts of isomers as enumerated in  
Schedule II or a controlled substance analog of  
methamphetamine, its salts, isomers or salts of isomers;  
flunitrazepam, its salts, isomers or salts of isomers as  
enumerated in Schedule I or a controlled substance analog of  
flunitrazepam, including naturally occurring metabolites, its  
salts, isomers or salts of isomers; gamma hydroxybutyric acid  
and any chemical compound that is metabolically converted to  
gamma hydroxybutyric acid, its salts, isomers or salts of  
isomers as enumerated in Schedule I or a controlled substance  
analog of gamma hydroxybutyric acid, its salts, isomers or

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1 salts of isomers; gamma butyrolactone and any chemical compound  
2 that is metabolically converted to gamma hydroxybutyric acid,  
3 its salts, isomers or salts of isomers as enumerated in  
4 Schedule I or a controlled substance analog of gamma  
5 butyrolactone, its salts, isomers or salts of isomers; 1-4  
6 butane diol and any chemical compound that is metabolically  
7 converted to gamma hydroxybutyric acid, its salts, isomers or  
8 salts of isomers as enumerated in Schedule I or a controlled  
9 substance analog of 1-4 butane diol, its salts, isomers or  
10 salts of isomers; or a narcotic drug enumerated in Schedule I  
11 or II or a controlled substance analog of a narcotic drug  
12 enumerated in Schedule I or II is guilty of a fourth degree  
13 felony and shall be sentenced pursuant to the provisions of  
14 Section 31-18-15 NMSA 1978.

15           ~~[G.]~~ F. Except for a minor as defined in Subsection  
16 ~~[D]~~ C of this section, a person who violates Subsection A of  
17 this section while within a posted drug-free school zone,  
18 excluding private property residentially zoned or used  
19 primarily as a residence and excluding a person in or on a  
20 motor vehicle in transit through the posted drug-free school  
21 zone, with respect to:

22                   (1) one ounce or less of ~~[marijuana or]~~  
23 synthetic cannabinoids is, for the first offense, guilty of a  
24 misdemeanor and shall be punished by a fine of not less than  
25 one hundred dollars (\$100) or more than one thousand dollars

1 (\$1,000) or by imprisonment for a definite term less than one  
2 year, or both, and for the second or subsequent offense, is  
3 guilty of a fourth degree felony and shall be sentenced  
4 pursuant to the provisions of Section 31-18-15 NMSA 1978;

5 (2) more than one ounce and less than eight  
6 ounces of [~~marijuana or~~] synthetic cannabinoids is guilty of a  
7 fourth degree felony and shall be sentenced pursuant to the  
8 provisions of Section 31-18-15 NMSA 1978;

9 (3) eight ounces or more of [~~marijuana or~~]  
10 synthetic cannabinoids is guilty of a third degree felony and  
11 shall be sentenced pursuant to the provisions of Section  
12 31-18-15 NMSA 1978;

13 (4) any amount of any other controlled substance  
14 enumerated in Schedule I, II, III or IV or a controlled  
15 substance analog of a substance enumerated in Schedule I, II,  
16 III or IV, except phencyclidine as enumerated in Schedule III,  
17 a narcotic drug enumerated in Schedule I or II or a controlled  
18 substance analog of a narcotic drug enumerated in Schedule I or  
19 II, is guilty of a fourth degree felony and shall be sentenced  
20 pursuant to the provisions of Section 31-18-15 NMSA 1978; and

21 (5) phencyclidine as enumerated in Schedule III,  
22 a narcotic drug enumerated in Schedule I or II, a controlled  
23 substance analog of phencyclidine or a controlled substance  
24 analog of a narcotic drug enumerated in Schedule I or II is  
25 guilty of a third degree felony and shall be sentenced pursuant



1 to the provisions of Section 31-18-15 NMSA 1978."

2 SECTION 78. Section 30-31-28 NMSA 1978 (being Laws 1972,  
3 Chapter 84, Section 28) is amended to read:

4 "30-31-28. CONDITIONAL DISCHARGE FOR POSSESSION AS FIRST  
5 OFFENSE.--

6 A. If [~~any~~] a person, who has not previously been  
7 convicted of violating the laws of [~~any~~] a state or [~~any~~] laws  
8 of the United States relating to narcotic drugs, [~~marijuana~~]  
9 hallucinogenic or depressant or stimulant substances, is found  
10 guilty of a violation of Section [~~23~~] 30-31-23 NMSA 1978, after  
11 trial or upon a plea of guilty, the court may, without entering  
12 a judgment of guilty and with the consent of the person, defer  
13 further proceedings and place [~~him~~] the person on probation  
14 upon reasonable conditions and for a period, not to exceed one  
15 year, as the court may prescribe.

16 B. Upon violation of a condition of the probation,  
17 the court may enter an adjudication of guilt and proceed as  
18 otherwise provided. The court may, in its discretion, dismiss  
19 the proceedings against the person and discharge [~~him~~] the  
20 person from probation before the expiration of the maximum  
21 period prescribed from the person's probation.

22 C. If during the period of [~~his~~] probation the person  
23 does not violate [~~any of~~] the conditions of the probation, then  
24 upon expiration of the period the court shall discharge such  
25 person and dismiss the proceedings against [~~him~~] the person.

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1 Discharge and dismissal under this section shall be without  
2 court adjudication of guilt, but a nonpublic record shall be  
3 retained by the attorney general solely for the purpose of use  
4 by the courts in determining whether or not, in subsequent  
5 proceedings, the person qualifies under this section. A  
6 discharge or dismissal shall not be deemed a conviction for  
7 purposes of disqualifications or disabilities imposed by law  
8 upon conviction of a crime, including the penalties prescribed  
9 under this section for second or subsequent convictions or for  
10 any other purpose. Discharge and dismissal under this section  
11 may occur only once with respect to ~~[any]~~ a person.

12 D. Upon the dismissal of a person and discharge of  
13 the proceedings against ~~[him]~~ the person under this section, a  
14 person, if ~~[he was]~~ not over eighteen years of age at the time  
15 of the offense, may apply to the court for an order to expunge  
16 from all official records all recordation relating to ~~[his]~~ the  
17 arrest, indictment or information, trial, finding or plea of  
18 guilty, and dismissal and discharge pursuant to this section  
19 except nonpublic records filed with the attorney general. If  
20 the court determines, after hearing, that the person was  
21 dismissed and the proceedings against ~~[him]~~ the person  
22 discharged and that ~~[he]~~ the person was not over eighteen years  
23 of age at the time of the offense, it shall enter the order.  
24 The effect of the order shall be to restore the person, in the  
25 contemplation of the law, to the status ~~[he]~~ the person

1 occupied before the arrest or indictment or information. No  
2 person in whose behalf an order has been entered shall be held  
3 thereafter under any provision of any law to be guilty of  
4 perjury or otherwise giving a false statement by reason of  
5 [~~his~~] the person's failures to recite or acknowledge such  
6 arrest, or indictment or information or trial in response to  
7 any inquiry made of [~~him~~] the person for any purpose."

8 SECTION 79. Section 30-31-34 NMSA 1978 (being Laws 1972,  
9 Chapter 84, Section 33, as amended) is amended to read:

10 "30-31-34. FORFEITURES--PROPERTY SUBJECT.--The following  
11 are subject to forfeiture pursuant to the provisions of the  
12 Forfeiture Act:

13 A. all raw materials, products and equipment of any  
14 kind, including firearms that are used or intended for use in  
15 manufacturing, compounding, processing, delivering, importing  
16 or exporting any controlled substance or controlled substance  
17 analog in violation of the Controlled Substances Act;

18 B. all property that is used or intended for use as a  
19 container for property described in Subsection A of this  
20 section;

21 C. all conveyances, including aircraft, vehicles or  
22 vessels that are used or intended for use to transport or in  
23 any manner to facilitate the transportation for the purpose of  
24 sale of property described in Subsection A of this section;

25 D. all books, records and research products and

1 materials, including formulas, microfilm, tapes and data that  
2 are used or intended for use in violation of the Controlled  
3 Substances Act;

4 E. narcotics paraphernalia or money that is a fruit  
5 or instrumentality of the crime; and

6 F. notwithstanding Subsection C of this section and  
7 the provisions of the Forfeiture Act:

8 (1) a conveyance used by a person as a common  
9 carrier in the transaction of business as a common carrier  
10 shall not be subject to forfeiture pursuant to this section  
11 unless it appears that the owner or other person in charge of  
12 the conveyance is a consenting party or privy to a violation of  
13 the Controlled Substances Act;

14 (2) a conveyance shall not be subject to  
15 forfeiture pursuant to this section by reason of an act or  
16 omission established for the owner to have been committed or  
17 omitted without the owner's knowledge or consent;

18 (3) a conveyance is not subject to forfeiture  
19 for a violation of law the penalty for which is a misdemeanor;  
20 and

21 (4) a forfeiture of a conveyance encumbered by a  
22 bona fide security interest shall be subject to the interest of  
23 a secured party if the secured party neither had knowledge of  
24 nor consented to the act or omission ~~and~~

25 ~~G. all drug paraphernalia as defined by Subsection V~~

1 ~~of Section 30-31-2 NMSA 1978]~~."

2       **SECTION 80.** A new section of the Traffic Safety Act is  
3 amended to read:

4       "[NEW MATERIAL] IMPAIRED DRIVING EDUCATION FUND CREATED.--

5           A. The "impaired driving education fund" is created  
6 as a nonreverting fund in the state treasury. The fund  
7 consists of appropriations, other money deposited in the fund  
8 and money otherwise accruing to the fund. Income from the fund  
9 shall be credited to the fund.

10          B. The bureau shall administer the impaired driving  
11 education fund. Money in the fund is appropriated to the  
12 bureau to develop and execute a comprehensive and sustained  
13 multilingual public education campaign that promotes road  
14 safety and discourages driving while impaired due to the use of  
15 cannabis.

16          C. Money in the impaired driving education fund shall  
17 be disbursed on warrants of the secretary of finance and  
18 administration pursuant to vouchers signed by the chief or the  
19 chief's authorized representative."

20       **SECTION 81.** Section 66-7-506 NMSA 1978 (being Laws 1978,  
21 Chapter 35, Section 493, as amended) is amended to read:

22       "66-7-506. BUREAU--FUNCTIONS--POWERS--DUTIES.--The bureau  
23 shall have the following powers and duties:

24           A. organize, plan and conduct a statewide program of  
25 activities designed to prevent accidents and to reduce the

1 incidence of DWI in New Mexico;

2 B. coordinate activities and programs of the  
3 departments, divisions and agencies of this state now engaged  
4 in promoting traffic safety;

5 C. provide accident prevention information and  
6 publicity to all appropriate media of information and develop  
7 other means of public information;

8 D. cooperate with all public and private agencies and  
9 organizations interested in the promotion of traffic safety and  
10 accident prevention;

11 E. serve as a clearinghouse for all traffic safety  
12 materials and information used throughout this state;

13 F. cooperate in promoting research, special studies  
14 and analysis of problems concerning the safety and welfare of  
15 the citizens of New Mexico;

16 G. cooperate fully with national safety organizations  
17 in bringing about greater effectiveness in nationwide accident  
18 prevention activities and programs;

19 H. make studies and suitable recommendations, through  
20 the chief and the secretary of transportation, to the  
21 legislature concerning safety regulations and laws;

22 I. prepare and submit each year a written report to  
23 the governor concerning the activities of the bureau and  
24 activities concerning assistance to local organizations and  
25 officials;

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1 J. institute and administer a statewide motorcycle  
2 training program funded as provided for in Section 66-10-10  
3 NMSA 1978;

4 K. institute and administer an accident prevention  
5 course for elderly drivers as provided for in Section 59A-32-14  
6 NMSA 1978;

7 L. cooperate with the public education department to  
8 develop a regulatory framework for instructional and  
9 administrative processes, including licensure requirements for  
10 instructors, and a curriculum for instruction in defensive  
11 driving with a DWI education and prevention component to be  
12 offered statewide in secondary schools as an elective;

13 M. institute and administer a DWI prevention and  
14 education program for elementary and secondary school students,  
15 funded as provided for in Section 66-5-35 NMSA 1978;

16 N. include at least two hours of DWI prevention and  
17 education training in all driver education courses approved by  
18 the bureau; ~~[and]~~

19 O. include a DWI recidivism prevention component in  
20 all driver rehabilitation programs for alcohol or drugs  
21 approved by the bureau; and

22 P. develop and execute a comprehensive and  
23 sustained multilingual public education campaign that promotes  
24 road safety and discourages driving while impaired due to the  
25 use of cannabis."

1           SECTION 82.   ~~[NEW MATERIAL]~~ COOPERATION OF AGENCIES.--All  
2   state agencies shall cooperate with the cannabis control  
3   division of the regulation and licensing department in carrying  
4   out the provisions of the Cannabis Regulation Act.

5           SECTION 83.   TEMPORARY PROVISION--TRANSFER.--On July 1,  
6   2020, any unexpended or unencumbered balance in the medical  
7   cannabis fund is transferred to the cannabis regulation fund.

8           SECTION 84.   REPEAL.--Section 9-7-17.1 NMSA 1978 (being  
9   Laws 2012, Chapter 42, Section 1) is repealed.

10          SECTION 85.   EFFECTIVE DATE.--The effective date of the  
11   provisions of this act is July 1, 2020.

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