

**TITLE 16 OCCUPATIONAL AND PROFESSIONAL LICENSING**  
**CHAPTER 8 COMMERCIAL AND MEDICAL CANNABIS**  
**PART 1 GENERAL PROVISIONS**

**16.8.1.1 ISSUING AGENCY:** New Mexico Regulation and Licensing Department, Cannabis Control Division.  
[16.8.1.1 NMAC - N x/xx/2021]

**16.8.1.2 SCOPE:** This rule applies to all applicants for licensure pursuant to the Cannabis Regulation Act, the Lynn and Erin Compassionate Use Act and division rules, and where applicable, the general public.  
[16.8.1.2 NMAC - N x/xx/2021]

**16.8.1.3 STATUTORY AUTHORITY:** The requirements set forth herein are promulgated by the cannabis control division pursuant to the authority granted under the Cannabis Regulation Act and the licensing provisions of the Lynn and Erin Compassionate Use Act.  
[16.8.1.3 NMAC - N x/xx/2021]

**16.8.1.4 DURATION:** Permanent.  
[16.8.1.4 NMAC - N x/xx/2021]

**16.8.1.5 EFFECTIVE DATE:** July 20, 2021, unless an earlier date is cited at the end of a section.  
[16.8.1.5 NMAC - N x/xx/2021]

**16.8.1.6 OBJECTIVE:** The objective of Part 1 is to set forth the general provisions that apply to all of Chapter 8, and to all persons affected or regulated by Chapter 8 of Title 16.  
[16.8.1.6 NMAC - N x/xx/2021]

**16.8.1.7 DEFINITIONS:** Unless otherwise defined below, terms used in Title 16, Chapter 8, have the same meanings as set forth in the Cannabis Regulation Act and the Lynn and Erin Compassionate Use Act.

**A. Definitions beginning with “A”:**

(1) **“Advisory committee”** means the cannabis regulatory advisory committee.

(2) **“Applicant”** means any person who is seeking to become licensed pursuant to the Cannabis Regulation Act, the Lynn and Erin Compassionate Use Act, and division rules.

**B. Definitions beginning with “B”:**

(1) **“Batch”** means, with regard to cannabis, an identified quantity of cannabis no greater than 15 pounds that is of the same strain of cannabis, that is harvested during the same specified time period from the same specified cultivation area, and with respect to which the same agricultural practices were utilized, including the use of any pesticides; and with regard to concentrated and cannabis product, means an identified quantity that is uniform, that is intended to meet specifications for identity, strength, and composition, and that is manufactured, packaged, and labeled during a specified time period according to a single manufacturing, packaging, and labeling protocol.

(2) **“BHO”** means butane hash oil.

**C. Definitions beginning with “C”:**

(1) **“Cannabis Regulation Act”** means the Cannabis Regulation Act, as enacted in Chapter 4, Sections 1 through 42 of New Mexico Laws of 2021, and as may be amended thereafter.

(2) **“Cannabis Waste”** means all parts of the plant genus Cannabis which may or may not contain a delta-9-tetrahydrocannabinol concentration of more than three-tenths percent on a dry weight basis, whether growing or not; the seeds of the plant; the resin extracted from any part of the plant; and every compound, manufacture, salt, derivative, mixture or preparation of the plant, its seeds or its resin; and the mature stalks of the plant; fiber produced from the stalks; oil or cake made from the seeds of the plant; any other compound, manufacture, salt, derivative, mixture or preparation of the mature stalks, fiber, oil or cake; or the sterilized seed of the plant that is incapable of germination which has been designated as no longer usable cannabis.

(2) **“CBD”** means cannabidiol, a cannabinoid and the primary non-psychoactive ingredient found in cannabis.

(3) **“CBDA”** means cannabidiolic acid, a non-psychoactive ingredient found in cannabis and an acid precursor to CBD.

(4) **“CBG”** means cannabigerol.

(5) “CBGA” means cannabigerolic acid.

(6) “CBN” means cannabinol.

(7) “**Concentrated cannabis product (“concentrate”)**” means a cannabis product that is manufactured by a division approved mechanical or chemical process that separates any cannabinoid from the cannabis plant, and that contains or that is intended to contain at the time of sale or distribution, no less than thirty-percent THC by weight.

**D. Definitions beginning with “D”:**

(1) “**Division**” means the cannabis control division.

(2) “**Diversio**n” means the unlawful transfer of a cannabis plant, plant material, or cannabis product.

(3) “**Dried cannabis**” means the dried leaves, flowers, and trim of the female cannabis plant, but does not include the seeds, stalks, or roots of the cannabis plant.

**E. Definitions beginning with “E”:** [RESERVED]

**F. Definitions beginning with “F”:** [RESERVED]

**G. Definitions beginning with “G”:** [RESERVED]

**H. Definitions beginning with “H”:** [RESERVED]

**I. Definitions beginning with “I”:**

(1) “**Intrastate**” means existing or occurring within the state boundaries of New Mexico.

(2) “**Inversio**n” means the unlawful acquisition of a cannabis plant, plant material, or cannabis product.

**J. Definitions beginning with “J”:** [RESERVED]

**K. Definitions beginning with “K”:** [RESERVED]

**L. Definitions beginning with “L”:**

(1) “**Licensee**” means any person who holds a license issued by the Division pursuant to the Cannabis Regulation Act, the Lynn and Erin Compassionate Use Act, and division rules.

(2) “**Limited-access area**” means an indoor or outdoor area on the premises of a licensed cannabis establishment where cannabis or cannabis products are cultivated, stored or held, weighed, packaged, manufactured, disposed or wasted, all point-of-sale (POS) areas, and any room or area storing a digital video surveillance system storage device.

(3) “**Lot**” means an identified portion of a batch, that is uniform and that is intended to meet specifications for identity, strength, and composition; or, in the case of a cannabis product or concentrate, an identified quantity produced in a specified period of time in a manner that is uniform and that is intended to meet specifications for identity, strength, and composition.

(4) “**Lynn and Erin Compassionate Use Act**” means the Lynn and Erin Compassionate Use Act, Section 26-2B-1 *et seq.*, NMSA 1978.

**M. Definitions beginning with “M”:**

(1) “**Minor**” means an individual who is less than 18 years of age.

**N. Definitions beginning with “N”:** [RESERVED]

**O. Definitions beginning with “O”:** [RESERVED]

**P. Definitions beginning with “P”:**

(1) “**Paraphernalia**” means any equipment, product, or material of any kind that is primarily intended or designed for use in compounding, converting, processing, preparing, inhaling, or otherwise introducing cannabis or its derivatives into the human body.

(2) “**Pesticide**” means a pesticide as defined by the New Mexico Pesticide Control Act, Section 76-4-1 *et seq.*, NMSA 1978.

(3) “**Plant**” means any cannabis plant, cutting, or clone that has roots or that is cultivated with the intention of growing roots.

(4) “**Policy**” means a written statement of principles that guides and determines present and future decisions and actions of the licensed person.

(5) “**POS**” means point of sale system.

(5) “**Person**” means an individual, corporation, business trust, estate, trust, partnership, limited liability company, association, joint venture, or any other legal or commercial entity.

(6) “**Produce**” means to engage in any activity related to the planting or cultivation of cannabis.

(7) “**Proficiency testing**” means testing conducted by the division or its agent to determine the ability of a laboratory applicant or approved laboratory to accurately identify presence, quantity, or other factors

pertaining to a given analyte.

**Q. Definitions beginning with “Q”: [RESERVED]**

**R. Definitions beginning with “R”:**

(1) **“Recall”** means to request the return of a product after the discovery of a safety issue or product defect.

(2) **“RLD”** means the regulation and licensing department.

**S. Definitions beginning with “S”:**

(1) **“Secure grounds”** means a facility that provides a safe environment to avoid loss or theft.  
(2) **“Security alarm system”** means any device or series of devices capable of alerting law enforcement, including, but not limited to, a signal system interconnected with a radio frequency method such as cellular, private radio signals, or other mechanical or electronic device used to detect or report an emergency or unauthorized intrusion.

(3) **“Segregate”** means to separate and withhold from use or sale batches, lots, cannabis, usable cannabis, or cannabis products in order to first determine its suitability for use through testing by an approved laboratory.

**T. Definitions beginning with “T”:**

(1) **“THC”** means tetrahydrocannabinol, a cannabinoid that is the primary psychoactive ingredient in cannabis.

(2) **“THCA”** means tetrahydrocannabinolic acid, a non-psychoactive ingredient in cannabis and an acid precursor to THC.

(3) **“Testing”** means testing of cannabis and cannabis products consistent with division rules.

(4) **“Track and trace system”** means the electronic system designated by the division to track and trace the production, transportation, sale, and wastage of cannabis and cannabis products.

**U. Definitions beginning with “U”: [RESERVED]**

**V. Definitions beginning with “V”:**

(1) **“Vault”** means a limited access storage room that is within a licensed cannabis establishment and is outfitted with adequate security features for the purposes of storing cannabis, cannabis products, or cash.

**W. Definitions beginning with “W”:**

(1) **“Waste” or “wastage”** means the process of rendering cannabis or cannabis products unusable and unrecognizable, including the destruction of cannabis or cannabis products.

**X. Definitions beginning with “X”: [RESERVED]**

**Y. Definitions beginning with “Y”: [RESERVED]**

**Z. Definitions beginning with “Z”: [RESERVED]**

[16.8.1.7 NMAC - N x/xx/2021]

**16.8.1.8 FEDERAL LAW:** The activities described in these rules may be considered a violation of federal law. Persons cultivating, manufacturing, collecting samples of, testing, selling, purchasing or otherwise receiving cannabis or cannabis products may be subject to federal sanctions for what may otherwise be considered authorized conduct in the State of New Mexico, and compliance with the rule does not exempt licensees, their employees or customers from possible federal prosecution. The division is not responsible or liable for the actions of licensed cannabis establishments under the rule.

[16.8.1.8 NMAC - N x/xx/2021]

**16.8.1.9 SEVERABILITY:** If any part or application of this rule is held to be invalid, the remainder or its application to other situations or persons shall not be affected. Any section of this rule legally severed shall not interfere with the remaining protections and duties provided by this rule.

[16.8.12.15 NMAC - N x/xx/2021]

**TITLE 16 OCCUPATIONAL AND PROFESSIONAL LICENSING**  
**CHAPTER 8 COMMERCIAL AND MEDICAL CANNABIS**  
**PART 2 LICENSING AND OPERATIONAL REQUIREMENTS FOR CANNABIS**  
**ESTABLISHMENTS**

**16.8.2.1 ISSUING AGENCY:** New Mexico Regulation and Licensing Department, Cannabis Control Division.  
[16.8.2.1 NMAC - N x/xx/2021]

**16.8.2.2 SCOPE:** This rule applies to all licensees and applicant for licensure pursuant to the Cannabis Regulation Act, the Lynn and Erin Compassionate Use Act, and division rules.  
[16.8.2.2 NMAC - N x/xx/2021]

**16.8.2.3 STATUTORY AUTHORITY:** The requirements set forth herein are promulgated by the cannabis control division pursuant to the authority granted under the Cannabis Regulation Act and the licensing provisions of the Lynn and Erin Compassionate Use Act.  
[16.8.2.3 NMAC - N x/xx/2021]

**16.8.2.4 DURATION:** Permanent.  
[16.8.2.4 NMAC - N x/xx/2021]

**16.8.2.5 EFFECTIVE DATE:** July 20, 2021, unless a different date is cited at the end of a section.  
[16.8.2.5 NMAC - N x/xx/2021]

**16.8.2.6 OBJECTIVE:** The objective of Part 2 is to ensure the safe production, testing, sale, and consumption of commercial and medical cannabis.  
[16.8.2.6 NMAC - N x/xx/2021]

**16.8.2.7 DEFINITIONS:** Unless otherwise defined below, terms used in Title 16, Chapter 8, Part 1, have the same meanings as set for in 16.8.1 NMAC, the Cannabis Regulation Act, and the Lynn and Erin Compassionate Use Act.  
[16.8.2.7 NMAC - N x/xx/2021]

**16.8.2.8 GENERAL OPERATIONAL REQUIREMENTS FOR CANNABIS ESTABLISHMENTS:**

**A. State and local laws:** All applicants and licensees shall comply with all applicable state and local laws including construction, occupancy, operation of a cannabis establishment, employment, zoning, building and fire codes, occupancy, water use, and licensing.

**B. Licensure on federally recognized Indian Nation, Tribe or Pueblo:** The division shall not approve an application for licensure to operate within the exterior boundaries of a federally recognized Indian Nation, Tribe or Pueblo located wholly or partially in the state, unless the tribal government and the department have entered an intergovernmental agreement to coordinate the cross-jurisdictional administration of the laws of New Mexico and the laws of a tribal government relating to the Cannabis Regulation Act or the Lynn and Erin Compassionate Use Act.

**C. Age requirements:** All applicants for licensure, including controlling persons of applicants, must be at least twenty-one years of age. All employees of a commercial cannabis establishment must be at least twenty-one years of age.

**D. Consumption prohibited:** Licensees shall prohibit the consumption of cannabis or cannabis products on or within the licensed premises unless a cannabis consumption area has been approved by the division.

**E. Illegal sale or distribution:** Licensees shall not knowingly sell or transport cannabis or cannabis products to any person that is not authorized to possess and receive the cannabis or cannabis products pursuant to state law and division rules.

**F. Sales of alcoholic beverages prohibited:** Licensees are allowed to conduct other licensed activities, including activities pursuant to the Hemp Manufacturing Act, Section 76-24-3 *et seq.*, NMSA 1978, except for sales of alcoholic beverages.

**G. No guarantee of licensure:** An applicant may not exercise any of the privileges of licensure until the division approves the license application and issues a license. The submission of an application is in no way a guarantee that the application will be accepted as complete. The acceptance of a completed application is in no way a guarantee that a license will be granted. Information provided by the applicant and used by the division for the licensing process shall be accurate and truthful. The division may initiate action to deny licensure, or other administrative action against

an applicant or licensee, pursuant to the Uniform Licensing Act, where there is credible evidence that the applicant omits, misrepresents, or falsifies information in the application or in connection with the applicant's background investigation.

**I. Computation of time:** The word "days" as used in this rule means calendar days unless otherwise noted.

**J. Display of license:** A division license shall be displayed in a conspicuous place on the licensed premises and must be made available upon request by state and local agencies. If the licensed premises is open to the public, the license shall be displayed in an area that is within plain sight of the public.

**K. Inventory and sales equipment:** The division may require licensees to utilize specified track and trace equipment, software, and services.

**L. Limitation of licensed premises:** Licensees shall conduct cannabis establishment operations solely on licensed premises approved by the division.

**M. Multiple licensee premises:** Multiple licensees may occupy a single licensed premises, provided each is individually licensed by the division.

**N. Reporting of theft or security incident to division:** Licensees shall submit to the division written notification of any attempted theft, theft, assault of employees or patrons, robbery or attempted robbery, break-in, or security breach that occurs on the licensee's premises, no later than 24 hours after the licensee first becomes aware of the event. The description shall include a description of any property that was stolen or destroyed, and the quantity of any cannabis plants, cannabis and cannabis products that were stolen. The licensee must provide a copy of the police report, video footage and any other supporting evidence requested by the division. The premises must be secured prior to continuing operations, including the replacement of locks, doors, windows, repair of damaged structures or access points with comparable or more secure replacement material.

**O. Non-transferable or assignable license:** A license shall not be transferred by assignment or otherwise to other persons or locations. Unless the licensee applies for and receives an amended license, the license shall be void and returned to the division when any one of the following situations occurs:

- (1) ownership of the licensed premises changes;
- (2) location of the licensed premises change;
- (3) the discontinuance of operation at a licensed premises; or
- (4) suspension or revocation of the license by the division.

**P. Online application:** All applications for initial licensure and renewal must be completed using the online application portal available on the division website. Applicants shall first register for a user account.

**Q. Complete application required:** An application must be complete in every material detail and must include all attachments of supplemental information required by the division. Applicants must submit a completed application to the division before it will be accepted by the division as complete and considered for approval or denial. All fees must be paid at the time of application submission.

**R. Process for incomplete application:** In the event that an application for licensure is determined by the division to be incomplete, the division shall notify the applicant by email and specify the information or materials that remain to be submitted. If the applicant does not submit the required information or materials within 90 days of receiving notice of the deficiency, the application shall be closed as incomplete and the applicant will be required to submit a new application in order to resume the application process. All licensing fees are non-refundable and must be paid for each new application.

**S. Request for clarifying information:** Upon request of the division, an applicant shall provide additional information required to process and fully review the application. If the requested information is not received by the division within 90 days from the date the application was deemed to be complete, the application for licensure the division shall initiate action to deny licensure.

**T. Physical and email address:** Applicants and licensees must provide a physical mailing address and an email address. General correspondence from the division will be sent to the applicant or licensee's email address of record. Legal notice and determinations regarding an application, renewal or an administrative action, including an action taken by the division to deny, suspend, or revoke a license or impose a sanction and civil monetary penalty, shall be sent to the last mailing address and to the last email address furnished to the division. Licensees must inform the division in writing of any change to its physical mailing address and/or email address within 10 days of the change. If applicable, such changes may be submitted via the online licensing portal. An applicant or licensee's failure to notify the division of a change in physical or email address does not relieve the applicant or licensee from the obligation of responding to a division communication.

**U. Electronic signature:** The division will accept an electronic signature that complies with the Uniform Electronic Transactions Act, Section 14-16-1 *et seq.*, NMSA 1978, on any documents required to be submitted to the division and that are submitted electronically, except documents that are required to be notarized.

**V. Withdrawal of Application:** An applicant may withdraw an application at any time prior to the division's issuance of a license or denial of a license. Requests to withdraw an application must be submitted to the division in writing, dated, and signed by the applicant. Withdrawal of an application shall not, unless the division has consented in writing to such withdrawal, deprive the division of its authority to institute or continue a proceeding against the applicant for the denial of the license upon any ground provided by law or to enter an order denying the license upon any such ground. The division shall not refund application fees for a withdrawn application. An applicant may reapply at any time following the withdrawal of an application and shall be required to submit a new application and fee.

**W. Closure of a licensed cannabis establishment:** A licensee that anticipates permanently ceasing its business operations shall notify the division no later than 30 days prior to closure. The licensee shall post public notice of the anticipated closure at all licensed premises that are accessible to the public at least 14 days prior to the closure. Any cannabis or cannabis products that are held by a licensee on behalf of the licensee ceasing its business operations shall be returned to the licensee ceasing business operations. Any cannabis or cannabis products that are held by the licensee ceasing its business operations on behalf of another licensee shall be returned to the originating licensee. Cannabis or cannabis products that are otherwise held by a licensee shall, prior to the licensee's closure, be surrendered to either state or local law enforcement, destroyed by the licensee in accordance with the wastage standards of this rule, or donated to patients via a licensed cannabis establishment, provided that the donation has been approved in writing by the division and that the licensee has submitted documentation of the donation to the division. State and local law enforcement are authorized to remove and destroy any cannabis or cannabis products that are held by a person who has ceased to be licensed by the division.

**X. Persons licensed pursuant to the medical cannabis program:** In order to be entitled to continue producing cannabis, a person properly licensed and in good standing pursuant to the Lynn and Erin Compassionate Use Act on June 29, 2021, must submit a complete application for a cannabis producer license, along with required fees, within 30 days of the effective date of this rule. In the event the person does not apply for such a license within the required timeframe, or the division denies the application, the person shall cease all production operations immediately. Upon approval, the licensee shall operate pursuant to the Cannabis Regulation Act and rules adopted by the division pursuant thereto, provided that the licensee shall continue to operate pursuant to rules promulgated by the department of health for other activities authorized by virtue of the licensee's medical program license to the extent they do not conflict with rules adopted by the division pursuant to the Cannabis Regulation Act. In order to be entitled to continue other activities authorized by virtue of the licensee's medical program license unrelated to production, the licensee shall submit an amended application, along with required fees, for a vertically integrated cannabis establishment license within 30 days of such license type becoming available by division rule. The division shall prorate required fees to align with the expiration date of the licensee's cannabis producer license, which shall be the expiration date of the licensee's vertically integrated cannabis establishment license, if approved. In the event the licensee does not apply for a vertically integrated cannabis establishment license within the required timeframe, or the division denies the application, the licensee shall cease all operations not authorized by virtue of its cannabis producer license immediately. Upon approval, the licensee shall operate pursuant to the rules promulgated by the division for vertically integrated cannabis establishments.

[16.8.2.8 NMAC - N x/xx/2021]

**16.8.2.9 CRIMINAL HISTORY SCREENING REQUIREMENTS:**

**A. Initial licensure:** Applicants for initial licensure shall consent to and undergo a national criminal history background check and department of public safety (DPS) statewide criminal history screening background check. For purposes of this rule, background checks shall be required for:

- (1) each partner of a limited partnership;
- (2) each member of a limited liability company;
- (3) each director, officer, or trustee of a corporation or trust; and
- (4) any controlling person of the applicant.

**B. Authorized change:** If there is a change in membership of any of the above listed person(s), an amended application and background check documentation shall be submitted, and each new member must be approved by the division prior to a person assuming any duties or responsibilities for a licensee.

**C. Procedure for applicants:**

- (1) an applicant shall submit a request to the federal bureau of investigation, the New Mexico department of public safety, or a designee vendor for a current criminal history report through the national crime information center (NCIC);
- (2) the division shall provide applicants the division's originating agency identification (ORI) number;
- (3) an applicant shall provide to the department of public safety, or its designated vendor, a criminal background screening request, fingerprints, and supporting documentation, including an authorization for release of information

to the division in accordance with the procedures of the department of public safety or its designated vendor;

(4) the department of public safety or its designated vendor will review state records and shall transmit the fingerprints to the federal bureau of investigation for a national screening; and

(5) the results of the screening will be made available to the division for review.

**D. Fees:** All applicable fees associated with the national criminal history background check and New Mexico department of public safety statewide criminal history background checks shall be paid by the applicant or licensee.

**E. Disqualifying convictions:** The division shall deny an application for an initial license or renewal if the applicant or any of the persons listed in subsection A of this section has been convicted of an offense that is substantially related to the qualifications, functions or duties of the person seeking a license; provided that if the division determines that the applicant or person is otherwise qualified for a license and that issuing a license to the applicant would not compromise public safety, the division shall conduct a thorough review of the conviction, including the nature of the offense, surrounding circumstances and any evidence of rehabilitation following the conviction of the applicant or person, and based on that review, determine whether the applicant should be issued a license. For purposes of this section, a conviction for which the related sentence, including any term of probation or parole, is completed for the possession, use, manufacture, distribution or dispensing or the possession with the intent to manufacture, distribute or dispense cannabis is not considered substantially related to the qualifications, functions, or duties of an applicant or person and shall not be the sole ground on which an application is denied. An applicant or person who is disqualified shall be notified of their disqualification. The following are considered substantially related to the qualifications, functions, or duties of an applicant or person:

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

(2) a felony conviction for hiring, employing, or otherwise using a person younger than eighteen years of age to:

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

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

(3) any other felony offense, as determined by the division.

**F. Duty to report potentially disqualifying event:** Applicants and licensees must notify the division in writing within seven days of any change of fact that would potentially result in the applicant or licensee, including any of the persons listed in subsection A of this section, being disqualified from holding a license pursuant to the Cannabis Regulation Act or division rules, including a conviction for any crime specified in this section. Failure to make required notification to the division may be grounds for administrative disciplinary action. If the division has determined that the person's conviction does not disqualify the licensee from licensure, the division shall notify the licensee in writing. The division may also initiate administrative disciplinary action pursuant to the Uniform Licensing Act.

**G. Confidentiality:** The division shall comply with applicable confidentiality requirements of the department of public safety and the federal bureau of investigation regarding the handling and dissemination of criminal history information. Arrest record information received from the federal bureau of investigation and the department of public safety shall be confidential and shall not be disclosed to persons not directly involved in the decision affecting the applicant.

[16.8.2.9 NMAC - N x/xx/2021]

**16.8.2.10 SECURITY AND LIMITED-ACCESS AREA:** All phases where cannabis or cannabis products are cultivated, stored or held, weighed, packaged, manufactured, disposed or wasted, all point-of-sale areas, and any room or area storing a digital video surveillance system storage device shall take place in a designated limited-access area where cannabis and cannabis products are not visible from a public place without the use of binoculars, aircraft, or other optical aids. For purposes of this rule, cannabis or cannabis products are not visible if it cannot be reasonably identified. Licensees shall comply with the security requirements set out in this rule to ensure that licensed premises and limited-access areas, including a vault, are secure.

**A. Security alarm system:** Licensees shall install and maintain at each premises an operational security alarm system. The security alarm system must be continuously monitored, whether electronically, by a monitoring company, or other means determined to be adequate by the division, and provide an alert to designated employees of the licensee and, if necessary, law enforcement within 5 minutes after a notification of an alarm or a security alarm system failure, either by telephone, email, or text message. Monitored sensors are required on all perimeter entry points and perimeter windows, if applicable. The system must include an audible alarm, which must be capable of being disarmed remotely by the designated employee or the security company. Licensees shall maintain, and make available to the division upon request, a description of the location and operation of the security system, including the location of the central control on the premises, a schematic of the security zones, and the name of the security alarm company and monitoring company, if applicable.

**B. Security alarm system maintenance and failure:** Licensees shall conduct a monthly maintenance

inspection and make all necessary repairs to ensure the proper operation of the security alarm system. In the event of a security alarm system failure due to a loss of electrical power or mechanical malfunction that is expected to exceed an eight-hour period, the licensee shall immediately notify the division within 24 hours following the discovery of the failure, and provide alternative security that may include closure of the premises. All security system equipment shall be maintained in a secure location so as to prevent theft, loss, destruction and alterations.

**C. Inspection of security alarm system records:** Licensees shall maintain documentation for a period of at least 24 months of all maintenance inspections, servicing, alterations, and upgrades performed on the security alarm system. All documentation must be available during a division inspection. Failure to provide equipment maintenance documentation may subject the licensee to administrative action as set forth in 16.8.12 NMAC.

**D. Digital video surveillance:** Licensees shall provide and maintain at each premises a digital video surveillance system with a minimum camera resolution of 1280 x 720 pixels. The digital video surveillance system shall further comply with the following requirements:

(1) each storage device or camera shall contain an Internet Protocol (IP) address and allow internet accessibility via a secure Transmission Protocol/Internet Protocol (TCP/IP) connection;

(2) the digital video surveillance system shall at all times be able to effectively and clearly record images of the area under surveillance;

(3) each camera shall be permanently mounted and in a fixed location;

(4) cameras shall be placed in a location that allows the camera to clearly record activity occurring within 20 feet of any area on the licensed premises that digital video surveillance is required under subsection E of this section, and shall provide a clear and certain identification of any person and activities in those areas.

**E. Areas of digital video surveillance:** Areas that shall be recorded on the digital video surveillance system include the following:

(1) areas where cannabis and cannabis products are cultivated, produced, manufactured, weighed, packed, stored, loaded, and unloaded for transportation, prepared, or moved within the licensed premises;

(2) limited-access areas;

(3) areas storing a digital video surveillance-system storage device with at least one camera recording the access points to the secured digital video surveillance recording storage area;

(4) entrances and exits to the licensed premises, which shall be recorded from both indoor and outdoor vantage points; and

(5) all point of sale (POS) locations to capture sale transactions.

**F. Digital Video Surveillance Recording:** Licensees shall comply with the following digital video surveillance recording requirements:

(1) cameras shall record continuously 24 hours per day and at a minimum of 15 frames per second (FPS);

(2) the physical media or storage device on which digital video surveillance recordings are stored shall be secured in a manner to protect the recording from tampering or theft;

(3) digital video surveillance recordings shall be kept for a minimum of 90 days and recordings of theft of security incidents as set forth in subsection N of 16.8.2.8 NMAC shall be kept for a minimum of 24 months;

(4) digital video surveillance recordings are subject to inspection by the division, and shall be kept in a manner that allows the division to view and obtain copies of the recordings at the licensed premises immediately upon request;

(5) upon request, licensees shall send or otherwise provide copies of the recordings to the division within 48 hours;

(6) recorded images shall clearly and accurately display the time and date of the recording; and

(7) time shall be measured in accordance with the United States National Institute Standards and Technology standards.

**G. Failure notification:** A digital video surveillance system shall be equipped with a failure notification system that provides notification to the licensee of any interruption or failure of the digital video surveillance system or digital video surveillance-system storage device. A digital video surveillance system failure shall be reported to the division immediately and operations shall cease as soon as safely possible until the system is again operational.

**H. Multiple licensees premises:** If multiple applicants or licensees seek to operate, or operate, within the same premises, a single security system and digital video surveillance system covering the entire premises may be used by all of the licensees under the following conditions:

(1) each applicant or licensee shall disclose on their premises diagram where the security alarm system and the digital video surveillance cameras are located and where digital video surveillance recordings are stored;

(2) each applicant or licensee shall include in their application a certification that all licensees

shall be individually responsible for the operation, maintenance, and record keeping requirements of the security alarm system, and that all licensees shall have access to live monitoring of the digital video surveillance system;

(3) each applicant or licensee shall include in their application an explanation of how the security alarm system and digital video surveillance system will be shared with the division and authorities, as well as who is responsible for maintenance of the security alarm system and the digital video surveillance system, who is authorized to monitor the video footage and who is responsible for storing any digital video surveillance recordings;

(4) each applicant or licensee shall have immediate access to the digital video surveillance recordings to produce them pursuant to subsection F of this section; and

(5) each applicant or licensee shall be held responsible and subject to administrative action set forth in 16.8.12 NMAC for any violations of the security system or digital video surveillance requirements.

**I. Locks:** Licensees shall ensure that limited-access areas can be securely locked using commercial-grade, nonresidential door locks that meet applicable building and fire codes. Licensees shall also use commercial-grade, nonresidential door locks that meet applicable building and fire codes on all points of entry and exit to the licensed premises and access points to areas where cannabis and cannabis products are stored.

**J. Limited-access areas:** A limited access area shall only be accessible to a licensee and its authorized employees, authorized vendors, contractors or other individuals conducting business that requires access to a limited-access area, division staff or authorized designees, state and local law enforcement authorities acting within their lawful jurisdictions, fire departments and emergency medical services acting in the course of their official capacity, or volunteers specifically permitted by the licensed cannabis establishment. Licensees shall ensure:

(1) only authorized employees of the licensee and other authorized individuals have access to the limited-access areas of the licensed premises;

(2) an individual who enters a limited-access area that is not employed by the licensee is escorted by an authorized employee of the licensee at all times while within the limited-access area;

(3) a record log of all authorized employees and authorized individuals that are not employees of the licensee who enter the limited-access areas is maintained;

(4) limited-access record logs include the name of the individual, the company the individual works for, if applicable, the reason the individual entered the limited-access area, the date, and the times the individual entered and exited the limited-access area;

(5) limited-access record logs are kept for a minimum of 90 days, or 24 months if a theft or security incident occurs, and must be made available to the division within 48 hours upon request;

(6) entrances to all limited-access areas have a solid door and a lock meeting the requirements set forth in subsection I of this section, and unless prohibited by building or fire codes, the door shall remain closed and locked when not in use during regular business hours;

(7) all limited-access areas are identified by the posting of a sign that shall be a minimum of 12" x 12" and which states: "Do Not Enter - Limited Access Area - Access Limited to Authorized Personnel Only" in lettering no smaller than one inch in height;

(8) authorized employees of the licensee visibly display an employee identification badge at all times while present within a limited-access area;

(9) other authorized individuals obtain a visitor identification badge prior to entering a limited-access area, the visitor identification badge shall be visibly displayed at all times while the visitor is in any limited access area, and all visitor identification badges shall be returned to the cannabis establishment on exit; and

(10) a vertically integrated cannabis establishment, integrated cannabis microbusiness or a cannabis establishment conducting operations under multiple license types on a single premise may establish limited-access areas for each licensed activity that overlap in shared hallways and access points, provided that operations under each license type are segregated and a cannabis establishment authorized employee or other authorized individuals have access only to the areas where activities are conducted pursuant to the cannabis establishment license.

**K. Licensee identification badge requirement:** Licensees shall issue a laminated or plastic-coated identification badge to all agents, officers, or other persons acting for or employed by a licensee, which shall, at a minimum, include the licensee's "doing business as" name and license number, the individual's first name, an employee number exclusively assigned to that employee for identification purposes, and a color photograph of the employee that clearly shows the full front of the employee's face and that is at least 1 inch in width and 1.5 inches in height.

**L. Lighting:** Any gate or perimeter entry point of a cannabis establishment must have lighting sufficient for observers to see, and cameras to record, any activity within 20 feet of the gate or entry; and a motion detection lighting system may be employed to light required areas in low-light conditions.

**M. Doors and windows:** Commercial grade locks, appropriate for facilities requiring high levels of physical security, are required on all perimeter entry doors and on all doors separating limited access areas from areas

open to visitors and customers. All external entrances to indoor facilities on the licensed premises must be able to be locked and all perimeter windows of indoor facilities must be in good condition and lockable.

**N. Fencing requirements for outdoor areas or greenhouses:** Any licensed premises that is an outdoor area or greenhouse shall also implement security measures to ensure that the outdoor area or greenhouse is not assessable to unauthorized individuals and is secure to prevent and detect diversion, theft, or loss of cannabis, which shall at a minimum include:

(1) a perimeter security fence designed to prevent unauthorized entry to any cultivation areas and signs notifying observers that it is a limited-access area; and

(2) fencing and gates that are secure, at least 6 feet high and obscure, or have a cover that obscures all limited access areas from being readily viewed from outside of the fenced area.

**O. Security guards:** Security guards are permitted but not required. Contract security guards must be licensed under the Private Investigations Act, Section 61-27B-1 *et seq.*, NMSA 1978. Security guards must not consume cannabis or cannabis products or be intoxicated while performing any duties for a licensee. Security guards must comply with all laws related to firearms and other weapons.

**P. Vault:** Licensees shall store all non-growing cannabis, cannabis products, or cash not being actively handled for purposes of cultivating, packaging, processing, transporting, or selling within an adequately sized vault. [16.8.2.10 NMAC - N x/xx/2021]

#### **16.8.2.11 RECALL OF CANNABIS:**

**A. Written procedures:** Licensees shall establish and implement written procedures for recalling cannabis and cannabis products that have been sold or otherwise distributed to the public or other cannabis establishments. Recall procedures shall be made available for the division's inspection upon request.

**B. Recall procedures:** The recall procedures shall identify:

(1) the circumstances in which a recall will be conducted, including the circumstances involving the mislabeling or contamination of products;

(2) personnel responsible for implementing the recall procedures;

(3) procedures for notification of all customers who have, or reasonably could have, obtained an affected product, including communication and outreach via broadcast media, as appropriate;

(4) procedures for notification of any other cannabis establishment that supplied or received the recalled product;

(5) instructions to be provided to customers or other cannabis establishments for the return or destruction of the recalled product; and

(6) procedures for the collection and wastage (as may be required by the division) of any recalled product.

**C. Destruction of recalled product:** All recalled products that are intended to be destroyed shall be wasted in accordance with the wastage requirements of the division.

**D. Division notification:** The licensee shall notify the division of any recall within 24 hours of initiating the recall.

**E. Division recall order:** The division may order the immediate recall of cannabis or cannabis products if it deems such action necessary to protect public health and safety.

[16.8.2.11 NMAC - N x/xx/2021]

#### **16.8.2.12 CHAIN OF CUSTODY:**

**A.** Licensees shall adopt, maintain, and enforce chain of custody procedures and documentation requirements to ensure appropriate tracking and tracing of cannabis and cannabis products. Licensees shall use a paper-based or electronic chain of custody form that documents the possession of cannabis or cannabis products, and includes the following:

(1) the originating location of the cannabis or cannabis products;

(2) the time and date of transfer of the cannabis or cannabis products;

(3) the size, number of boxes, and number of pieces of cannabis or cannabis products;

(4) the internal batch or lot numbers, and if different, the track and trace batch or lot numbers;

(5) a dated signature of the person receiving the cannabis or cannabis products; and

(6) for cannabis samples, in addition to the above, the types of containers, mode of collection,

the authorized individual who collected the sample, the date and time of collection, preservation, and requested analyses of the sample.

**B.** Licensees shall also adopt, maintain, and enforce security requirements to ensure security and the safety of cannabis and cannabis products and transport personnel.

[16.8.2.12 NMAC - N x/xx/2021]

**16.8.2.13 REQUIREMENTS FOR THE TRANSPORTATION OF CANNABIS:**

- A. General requirements:** The following requirements apply when disposing of wasted cannabis or cannabis plants or transporting cannabis or cannabis products between licensees or licensed premises:
- (1) transportation of cannabis or cannabis products shall only be conducted by persons holding a cannabis establishment license under the Cannabis Regulation Act or designated employees of a licensee;
  - (2) prior to transporting any cannabis or cannabis products to another licensee, the licensee shall have a completed transfer or sales invoice or receipt and a chain of custody form, the licensee shall only transport cannabis or cannabis products listed on the invoice or receipt and chain of custody form, and the invoice or receipt and chain of custody form may not be altered or changed once transport begins;
  - (3) transportation of cannabis or cannabis products by means of a human powered vehicle or unmanned vehicle is prohibited;
  - (4) cannabis or cannabis products shall only be transported inside of a motor vehicle or trailer in reasonable operating condition and shall not be visible or identifiable from outside of the vehicle or trailer;
  - (5) cannabis or cannabis products shall be locked in a box, container, or cage that is secured to the inside of the vehicle or trailer, including when such a box, container, or cage is located inside of the trunk;
  - (6) vehicles and trailers shall be locked and secured while left unattended;
  - (7) licensees shall not leave a vehicle or trailer containing cannabis or cannabis products unattended in a residential area;
  - (8) licensees shall have a vehicle alarm system and a video recording system on all transport vehicles and trailers that complies with the requirements set forth in subsections D and F of 16.8.2.10 NMAC;
  - (9) packages or containers holding cannabis or cannabis products shall not be tampered with, or opened, during transport;
  - (10) when engaged in the transportation of cannabis or cannabis products, a licensee shall only travel between licensees shipping or receiving cannabis or cannabis products and its own licensed premises;
  - (11) licensees may transport multiple shipments of cannabis or cannabis products at one time in accordance with applicable laws;
  - (12) licensees shall not deviate from the travel requirements described in this section, except for necessary rest, fuel, or vehicle repair stops;
  - (13) under no circumstances may alcoholic beverages be transported with cannabis or cannabis products;
  - (14) vehicles and trailers transporting cannabis or cannabis products are subject to inspection by the division at any licensed premises or during transport at any time;
  - (15) notwithstanding subsection A of this section, cannabis or cannabis products may be transported by foot, hand truck, forklift, or other similar means if it is not operationally feasible to transport cannabis products inside of a vehicle or trailer because the licensed premises that the cannabis products will be transported from and the licensed premises that will be receiving the cannabis products are located within the same building or on the same premises;
  - (16) storage and transportation of cannabis and cannabis products shall be under conditions that will maintain and protect the cannabis or cannabis products against physical, chemical, and microbial contamination as well as against deterioration of the cannabis or cannabis products and the container;
  - (17) the vehicle must be properly registered with the New Mexico motor vehicle division; and
  - (18) the driver of the vehicle must be prepared to show proper identification, including a licensee employee badge, driver's license, vehicle registration and proof of insurance, and the appropriate shipping manifest and chain of custody form to law enforcement and the division when requested.

**B. Shipping manifest:** Prior to transporting cannabis or cannabis products, a licensee shall generate a shipping manifest through the track and trace system for the following activities:

- (1) testing and sampling of cannabis or cannabis products;
- (2) sale of cannabis or cannabis products to a licensee;
- (3) destruction, wastage, or disposal of cannabis or cannabis products; and
- (4) any other activity, as required by the division or any other government authority.

**C. Transmittal of manifest:** Licensees shall transmit the shipping manifest to the division and (if applicable) the licensee that will receive the cannabis or cannabis products via the online track and trace portal prior to transporting the cannabis or cannabis products.

**D. Verification of manifest:** Licensees shall ensure and verify that the cannabis or cannabis products being taken into possession for transport at the originating licensed premises are described and accurately reflected in the shipping manifest. For purposes of this section, the licensee may verify that the cannabis or cannabis products are accurately reflected in the shipping manifest by confirming that the number of boxes of cannabis or cannabis products,

type of cannabis or cannabis products, or the units of cannabis or cannabis products matches the label on the boxes containing the cannabis or cannabis products.

**E. Rejection of shipment:** Licensees shall not take into possession or transport:

(1) Any cannabis or cannabis products that are not on the shipping manifest; or

(2) Any cannabis or cannabis products that are less than or greater than the amount reflected on the shipping manifest, with the exception of marginal weight difference due to curing during transport.

**F. Responsibility for discrepancy:** The licensee transporting the cannabis or cannabis product is responsible for any discrepancies between the shipping manifest and the cannabis or cannabis products in its possession during transport, and subject to any enforcement or disciplinary action related to such discrepancy.

**G. Void or change prohibited:** Licensees shall not void or change a shipping manifest after departing from the originating licensed premises.

**H. Documentation of all transport:** A shipping manifest and chain of custody form shall accompany every transport of cannabis products.

**I. Alternative notice of shipment:** Notwithstanding any provision of this section to the contrary, if a transporting licensee cannot obtain access to the track and trace system, the licensee shall complete the shipping manifest outside of the track and trace system and promptly transmit it to the division and the licensee receiving the shipment by electronic mail. If the transporting licensee has access to the track and trace system and the licensee receiving the shipment does not have access to the track and trace system, the transporting licensee shall complete the shipping manifest in the track and trace system, transmit it to the division, and send a copy to the licensee receiving the shipment by electronic mail.

[16.8.2.13 NMAC - N x/xx/2021]

#### 16.8.2.14 CANNABIS PRODUCER LICENSURE; GENERAL PROVISIONS:

**A. License types:** The division may license two classes of producers, which may also be part of licensure for a vertically integrated cannabis establishment or an integrated cannabis microbusiness:

(1) A cannabis producer; and

(2) A cannabis producer microbusiness.

**B. Division application forms:** All applications for licensure authorized pursuant to the Cannabis Regulation Act shall be made upon current forms prescribed by the division using the online application portal.

**C. License required:** Unless licensed pursuant to the Cannabis Regulation Act and division rules, a person shall not cultivate cannabis, including planting, growing, and harvesting cannabis, except for personal use as provided by the Cannabis Regulation Act.

**D. Other activities prohibited:** Except as provided in subsection W of 16.8.2.8 NMAC, no licensee may manufacture cannabis products, courier cannabis or cannabis products, or engage in the retail sale of cannabis or cannabis products unless the licensee has properly applied for, and the division has approved, the applicable license type required for those activities.

[16.8.2.14 NMAC - N x/xx/2021]

#### 16.8.2.15 APPLICATION REQUIREMENTS FOR CANNABIS PRODUCER LICENSE:

**A.** An initial application or renewal for cannabis producer licensure shall include the following:

(1) Contact information for the applicant and the cannabis establishment, to include:

(a) applicant's full legal name;

(b) applicant's date of birth, if applicable;

(c) applicant's mailing address;

(d) applicant's contact telephone number;

(e) applicant's contact email address;

(f) applicant's business physical address and mailing address, if different;

(g) applicant's business legal name, including a DBA name if applicable;

(h) applicant's business web address, if applicable;

(i) applicant's business hours of operation;

(j) name and contact information for each controlling person;

(k) if applicable, the identity and physical address of applicant's registered agent in the

state of New Mexico;

(2) proof the applicant or each controlling person is at least 21 years of age, which shall include identification issued by a federal or state government that includes the name, date of birth, and picture of the applicant or controlling person;

(3) proof the applicant is in good standing with the New Mexico taxation and revenue department;

(4) business formation documents, which include: articles of incorporation, by-laws, and

shareholder agreements, including any amendments thereto, for a corporation; articles of organization and operating agreements, including any amendments thereto for a limited liability company; partnership agreement for a partnership and doing business as business name statement;

(5) legible and accurate diagram and description of the location of the land or facility to be used for the cannabis establishment and the method(s) to be used to produce cannabis in a portable document format (.pdf), and if requested by the division, digital photographic photos;

(6) fully executed and dated documentation of the applicant's ownership or legal authority to use the property, buildings, or other facilities, establishing the applicant is, or will be, entitled to possession of the premises for which the application is made;

(7) proof of a valid water right as evidenced by documentation from the office of the state engineer or from a water provider that the use of water for cannabis production is compliant with that water provider's rules, and that the applicant has a legal right to:

(a) a commercial water supply;

(b) water rights; or

(c) another source of water; and

(d) the water supply is sufficient to meet the water needs as determined by the

division;

(8) a plan to use, or certification that the applicant cannot feasibly use, energy and water reduction opportunities, including:

(a) drip irrigation and water collection;

(b) natural lighting and energy efficiency measures; and

(c) renewable energy generation;

(9) a copy of a current business license, fire inspection report, certificate of occupancy, and zoning approval;

(10) if applicable, certification the applicant is in good standing with the New Mexico secretary of state, including all documents filed with the New Mexico secretary of state and if the applicant business is held in trust, the applicant must provide a copy of the trust agreement;

(11) a list of all controlling persons, a list of every DBA business name the applicant or a controlling person is currently, or has in the past 5 years, operated under including the address where the business is located, documentation of the applicant's or a controlling person legal name change, and criminal history screening documents as set forth in 16.8.2.9 NMAC;

(12) a detailed description of any criminal convictions of the applicant and any controlling person, including the date of each conviction, dates of incarceration, probation or parole, if applicable, description of the offense, and statement of rehabilitation of each conviction;

(13) a description and legible electronic image of the labeling and packaging of the cannabis or cannabis products that the producer shall utilize, which satisfies the labeling requirements of the Cannabis Regulation Act, the Lynn and Erin Compassionate Use Act, division rules, and other state or federal rules applicable to labeling and packaging;

(14) a sample of the record form(s), which shall identify (among other items) the name of the wholesale purchaser, the date of the sale, the quantity, and price of medical or commercial cannabis sold;

(15) the initial number of mature cannabis plants the applicant proposes for production;

(16) a summary of the proposed operations, including a list of cannabis or cannabis products produced at the location;

(17) certification the applicant will adhere to production requirements pursuant to the Cannabis Regulation Act, the Lynn and Erin Compassionate Use Act, and division rules, including creating and maintaining a cultivation plan, and cannabis waste procedures for cannabis or cannabis products;

(18) certification the applicant will adhere to cannabis transport requirements pursuant to the Cannabis Regulation Act, the Lynn and Erin Compassionate Use Act, and division rules, including the transport of unprocessed cannabis or cannabis products to other cannabis establishments;

(19) certification the applicant will adhere to New Mexico department of agriculture (NMDA) pesticide registration, licensing, and use requirements to ensure a safe product and environment;

(20) certification the applicant will adhere to security requirements pursuant to the Cannabis Regulation Act, the Lynn and Erin Compassionate Use Act, and division rules, including requirements relating to safety and security procedures, security devices to be used, placement of security devices, personal safety, and crime prevention techniques;

(21) certification the applicant will adhere to quality assurance requirements pursuant to the Cannabis Regulation Act, the Lynn and Erin Compassionate Use Act, and division rules, including requirements relating to routine testing by a licensed testing laboratory, division inspection of licensed premises during normal business hours,

and testing of cannabis;

(22) certification the applicant will adhere to applicable federal, state and local laws governing the protection of public health and the environment, including occupational health and safety, food safety, environmental impacts, natural resource protections, air quality, solid and hazardous waste management, and wastewater discharge;

(23) certification the applicant has never been denied a license or had a license suspended or revoked by the division or any other state cannabis licensing authority or a detailed description of any administrative orders, civil judgements, denial or suspension of a cannabis license, revocation of a cannabis license, or sanctions for unlicensed medical or commercial cannabis activity by any state licensing authority, against the applicant, controlling person, or a business entity in which the applicant or controlling person was a controlling person within the three years immediately preceding the date of the application;

(24) certification the proposed premises is not within 300 feet of a school or daycare center, or if the proposed licensed premises is within 400 feet of a school or daycare center, and the applicant does not admit the proposed licensed premises is within 300 feet of a school or daycare center, the application must be accompanied by a certified report of a registered engineer or duly licensed surveyor demonstrating that the proposed premises is not within 300 feet of a school or daycare center;

(25) an attestation of the following statement: Under penalty of perjury, I hereby declare that the information contained within and submitted with the application is complete, true and accurate. I understand that a misrepresentation of fact or violation of these rules may result in denial of the license application or revocation of a license issued; and

(26) payment of any required fees as set forth in 16.8.11 NMAC.

**B. Verification of information:** The division may verify information contained in each application and accompanying documentation by:

(1) contacting the applicant or controlling person by telephone, mail, or electronic mail;

(2) conducting an on-site visit; or

(3) requiring a face-to-face or virtual meeting and the production of additional documentation.

[16.8.2.15 NMAC - N x/xx/2021]

#### **16.8.2.16 SUBMITTAL OF APPLICATION FOR AMENDED CANNABIS PRODUCER LICENSE:**

**A. Application:** A licensed producer shall submit to the division an application form for an amended license, pay the required fee, and must obtain approval from the division, prior to implementing any of the following:

(1) change in ownership of the premises;

(2) material or substantial change of the size or location of the premises;

(3) change of licensee's legal or business name;

(4) material or substantial change in water source;

(5) increase in plant count beyond which licensee is currently licensed to produce;

(6) addition of a controlling person;

(7) material or substantial change to a licensee's security system;

(8) material or substantial modification of the premises; or

(9) engaging in an activity which requires an addition or change of a license type.

**B. Amended license not required:** Changes to standard operating policies and procedures may be made without providing notification to the division, provided that licensees shall maintain at each licensed premises a copy of all current and prior operating policies and procedures.

**C. Requirements and processing of application for amended license:** The application for amended license must comply with all requirements applicable to initial applications, except that the application shall be clearly designated as one for an amended license. The division shall prorate required fees to align with the expiration date of the licensee's original license, which shall be the expiration date of the licensee's amended license, if approved.

[16.8.2.16 NMAC - N x/xx/2021]

#### **16.8.2.17 LICENSURE PERIOD, EXPIRATION AND RENEWAL:**

**A. License period:** The licensure period of a license shall be from the date of approval of the license application for a period of 12 months.

**B. Automatic expiration of license:** Unless otherwise renewed, suspended, or revoked, a license shall expire at 11:59 p.m. on the day indicated on the license as the expiration date or other written notification by the division.

**C. License renewal:** To timely renew a license, a completed license renewal application and annual license fee set forth in 16.8.11 NMAC shall be received by the division from the licensee no earlier than 60 calendar days before the expiration of the license and no later than 30 days before the expiration of the license through the division's electronic licensing portal. Failure to receive a notice for license renewal from the division does not relieve a

licensee of the obligation to renew all licenses as required. In the event a license renewal application is not submitted and approved prior to the license expiration date, the licensee must not sell, transfer, transport, manufacture, test, or distribute any medical or commercial cannabis or cannabis products until the license is renewed. Upon the nonrenewal of a license, the division may initiate disciplinary action pursuant to the Uniform Licensing Act, Section 61-1-1 *et seq.*, NMSA 1978.

[16.8.2.17 NMAC - N x/xx/2021]

#### **16.8.2.18 PREMISES DIAGRAM:**

**A.** An applicant must submit to the division, with the application, a complete and detailed diagram of the proposed premises. The diagram shall be used by the division to determine whether the premises meets the requirements of the Cannabis Regulation Act, the Lynn and Erin Compassionate Use Act, and division rules. The division shall deny an application if the premises does not qualify for licensure pursuant to federal, state or local laws.

**B.** The diagram shall show the boundaries of the property and the proposed premises to be licensed, the dimensions of each area that cannabis plants will be cultivated, the location(s) and the dimensions of other areas where other horticulture will be cultivated, if applicable. The diagram shall also include, as applicable, any equipment to be used, entrances and exits, interior partitions, location of lights in the canopy and the maximum wattage or wattage equivalent, walls, rooms, windows, and doorways. The diagram shall include a brief statement or description of the principal activity to be conducted in each area on the premises.

**C.** The diagram shall show and identify medical or commercial cannabis activities that will take place in each area of the premises, as well as identify limited-access areas. Medical or commercial cannabis activities that shall be identified on the diagram include the following, if applicable to the cannabis establishment operations: storage, batch sampling, loading or unloading of shipments, packaging and labeling, customer sales, loading for deliveries, extraction, cultivation, and processing.

**D.** The diagram shall show where all cameras are located and assign a number to each camera for identification purposes.

**E.** The diagram shall be to scale.

**F.** The diagram shall not contain any highlighting and the markings on the diagram shall be in black-and-white print.

**G.** If the proposed premises consists of only a portion of a property, the diagram must be labeled indicating which part of the property is the proposed premises and what the remaining property is used for.

**H.** If the proposed premises consists of only a portion of a property that will contain two or more licensed premises, the diagram shall clearly show the designated entrances and walls under the exclusive control of the applicant for the premises, as well as the designated entrances and walls for each additional premises. The diagram shall also show all proposed common or shared areas of the property, including lobbies, bathrooms, hallways, and breakrooms.

**I.** If a proposed premise is located on only a portion of a property that also includes a residence, the diagram shall clearly show the designated buildings for the premises and the residence.

[16.8.2.18 NMAC - N x/xx/2021]

#### **16.8.2.19 PHYSICAL MODIFICATION OF PREMISES**

**A.** Licensees shall not, without the prior written approval of the division, make a physical change, alteration, or modification of the licensed premises that materially or substantially alters the licensed premises or the use of the licensed premises from the premises diagram filed with the division.

**B.** Licensees whose licensed premises is to be materially or substantially changed, modified, or altered is responsible for filing a request for premises modification with the division.

**C.** Material or substantial changes, alterations, or modifications requiring approval include:

(1) when a building or structure will be erected, constructed, enlarged, altered, repaired, moved, improved, removed, converted or demolished, as defined and described in the applicable building codes, which require a permit from the construction industries division or the appropriate local jurisdiction;

(2) when electrical wiring, plumbing or mechanical work and LP gas work, as defined and described in the applicable construction codes for those trades, is to be installed, repaired or maintained in or on such building or structure, which require a permit from the construction industries division or the appropriate local jurisdiction;

(3) re-roofing and application of roof coatings that requires a building permit and inspections;

or

(4) changing the occupancy activities conducted in or the use of an area identified in the last premises diagram provided to the division that requires a new certificate of occupancy or fire inspection.

**D.** Licensees shall request approval of a material or substantial physical change, alteration, or

modification in writing, and the request shall include:

- (1) a new premises diagram that conforms to requirements set forth in 16.8.2.18 NMAC;
- (2) a copy of the applicable building permit; and
- (3) a new certificate of occupancy, if applicable.

E. Licensees shall immediately notify the division within 24 hours if a federal or state authority requires a change to the premises;

F. Licensees shall promptly provide additional documentation requested by the division to evaluate the licensee's request to modify the licensed premises; and

G. The division shall notify the licensee, in writing, of approval or denial of a request for physical modification no later than 10 days after receiving a request.

[16.8.2.19 NMAC - N x/xx/2021]

#### **16.8.2.20 CANNABIS PRODUCER POLICIES AND PROCEDURES:**

A. **Minimum policy and procedure requirements:** A producer shall develop, implement, and maintain on the licensed premises, standard policies and procedures, which shall include the following:

(1) cannabis testing criteria and procedures, which shall be consistent with the testing requirements of the Cannabis Regulation Act, the Lynn and Erin Compassionate Use Act, and division rules, and shall include at a minimum, the following topics:

- (a) employee health and safety training materials;
- (b) training requirements for the proper use of health and safety measures and controls;
- (c) representative sampling and analytical testing of cannabis or cannabis products for contaminants prior to wholesale or transfer to another cannabis establishment;
- (d) recordkeeping and chain of custody protocols for transportation of cannabis or cannabis product samples to a cannabis testing laboratory;
- (e) recordkeeping and chain of custody protocols for transportation of cannabis or cannabis products to another cannabis establishment for any purpose;
- (f) protocols to ensure that cannabis or cannabis products, including any samples of cannabis or cannabis products, are transported and stored in a manner that prevents degradation, contamination, tampering, or diversion;

(g) protocols for testing sample collection that ensures accurate test results; and  
(h) procedures for remedial measures to bring cannabis or cannabis products into compliance with division standards or destruction of a tested batch of cannabis or cannabis products if the testing samples from the tested batch indicate noncompliance with applicable health and safety standards;

(2) employee policies and procedures to address the following minimum requirements:

- (a) adherence to state and federal laws;
- (b) responding to an emergency, including robbery or a serious accident;
- (c) alcohol and drug-free workplace policies and procedures;
- (d) safety and security procedures;
- (e) occupational safety;
- (f) crime prevention techniques; and

(3) training documentation prepared for each employee and statements signed by employees indicating the topics discussed, names and titles of presenters, and the date, time, and place the employee received said training.

B. **Retention of training documentation:** Licensees shall maintain documentation of an employee's training for a period of five years for current employees and at least six months after the termination of an employee's employment.

[16.8.2.20 NMAC - N x/xx/2021]

#### **16.8.2.21 MINIMUM REQUIREMENTS FOR THE PRODUCTION OF CANNABIS:**

A. **General requirements:** Licensees shall ensure the following:

(1) all production activities are done on premises that are in compliance with state and local laws, including but not limited to zoning, occupancy, licensing, fire safety, food safety, worker protection and building codes;

(2) production does not occur at a location that is within 300 feet of a school or daycare center that existed within the 300-foot area before the producer became licensed to operate at the location;

(a) all measurements for the purpose of determining the location of a licensed premises in relation to schools or daycare centers shall be the shortest direct line measurement between the actual limits of the real property of the school or daycare center in which there is regularly conducted educational functions or childcare, and the actual limits of the real property of the proposed cannabis establishment; and

(b) if the proposed licensed premises is within 400 feet of a school or daycare center, and the applicant does not admit the proposed licensed premises is within 300 feet of a school or daycare center, the application must be accompanied by a certified report of a registered engineer or duly licensed surveyor.;

(3) the water supply is sufficient for the operations intended and the water source is legally capable of providing a safe and adequate supply of water to meet the production facility's needs;

(4) plumbing shall be of adequate size and design, adequately installed, and maintained to carry sufficient quantities of water to required locations throughout the facility, including sufficient quantities of water to properly convey sewage and liquid disposable waste from the facility; and

(5) all weighting or measuring devices that are used in the wholesale of cannabis be appropriately documented as having undergone certified registration and calibration that is in accordance with applicable requirements of the New Mexico department of agriculture.

**B. Cultivation plan:** Licensees shall create and maintain a cultivation plan, which shall include all of the following:

(1) a detailed premises diagram showing all cultivation activity areas, boundaries, and dimensions in feet.

(2) canopy area(s), including aggregate square footage if the canopy areas are noncontiguous;

(3) area(s) outside of the canopy where only immature plants shall be maintained, if applicable;

(4) designated pesticide and other agricultural chemical storage area(s);

(5) designated processing area(s) if the licensee will process on site;

(6) designated packaging area(s) if the licensee will package products on site;

(7) designated composting area(s) if the licensee will compost plant or cannabis waste on site;

(8) designated secured area(s) for cannabis waste if different than composting area(s);

(9) designated area(s) for harvested cannabis storage;

(10) designated seed production area(s) which may contain mature plants for nursery purposes only.

**C. Measurement of canopy:** Canopy shall be calculated in square feet and measured using clearly identifiable boundaries of all areas(s) that will contain cannabis plants at any point in time, including all of the space(s) within the boundaries. Canopy may be noncontiguous, but each unique area included in the total canopy calculation shall be separated by an identifiable boundary, which includes: interior walls, shelves, greenhouse walls, hoop house walls, garden benches, hedgerows, fencing, garden beds, or garden plots. If mature plants are being cultivated using a shelving system, the surface area of each level shall be included in the total canopy calculation.

**D. Lighting:** For indoor and mixed-light cultivation, a licensee shall create and maintain a lighting diagram, which shall include the following:

(1) location of all lights in the canopy area(s); and

(2) maximum wattage, or wattage equivalent, of each light.

**E. Pest management:** Licensees shall create and maintain a pest management plan, which shall include product name and active ingredient(s) of all pesticides to be applied to cannabis during any stage of plant growth. Licensees are encouraged to create and implement integrated pest management protocols, including chemical, biological, and cultural methods to control or prevent the introduction of pests on the cultivation site.

**F. Cannabis waste:** Licensees shall create and maintain cannabis waste procedures meeting the requirements set forth in 16.8.2.22 NMAC.

**G. Safety and health requirements:** Licensees shall ensure the following:

(1) all equipment, implements, and fixtures that are used for the production of cannabis shall be used exclusively for the production of cannabis and meet sanitation and safety standards required by the Cannabis Regulation Act, the Lynn and Erin Compassionate Use Act, division rules, and any other state or federal laws;

(2) production is conducted in a manner that does not allow cross-contamination from chemical or biological hazards;

(3) any person who, by medical examination or supervisory observation, is shown to have, or appears to have, an illness, open lesion, including a boil, sore, or infected wound, or any other abnormal source of microbial contamination for whom there is a reasonable possibility of contact with preparation surfaces for cannabis, shall be excluded from any operations which may be anticipated to result in such contamination until the condition is corrected;

(4) hand-washing facilities are provided that are adequate, accessible, furnished with running water at a suitable temperature, conveniently located in indoor production facilities, in restrooms, and wherever good sanitary practices require employees to wash or sanitize their hands, and stocked with effective hand-cleaning and sanitizing preparations, and sanitary towel service or suitable drying devices;

(5) all persons involved in preparing or handling cannabis conform to hygienic practices while on duty, including:

- (a) maintaining adequate personal cleanliness;
- (b) wearing gloves while handling cannabis or unpackaged cannabis products;
- (c) possessing a valid New Mexico environment department food handler card; and
- (d) washing hands thoroughly in an adequate hand-washing facility before starting

work, at any other time when the hands may have become soiled or contaminated, and both before putting gloves on and after removal of gloves;

(6) operating systems for waste disposal are maintained in an adequate manner so that they do not constitute a source of contamination in areas where cannabis is exposed;

(7) water damage is properly and timely treated to protect health and safety of employees and the public, and that fiberglass and other insulation material is not exposed;

(8) adequate safety-type lighting in all areas where cannabis is produced or stored, if applicable, and where equipment is cleaned;

(9) rubbish is disposed of so as to minimize the development of odor, minimize the potential for the waste becoming an attractant and harborage, or breeding place for pests;

(10) premises, fixtures, and physical facilities where cannabis or cannabis products are produced are maintained to ensure the health and safety of employee and the public;

(11) contact surfaces, including utensils and equipment used for preparation of cannabis or cannabis products, are cleaned and sanitized as frequently as necessary to protect against contamination;

(12) only environmental protection agency (EPA) registered sanitizing agents are used in production operations and that they are used in accordance with labeled instructions;

(13) toxic cleaning compounds, sanitizing agents, and pesticide chemicals shall be identified, held, and stored in a manner that protects against contamination of cannabis or cannabis products and that otherwise satisfies the requirements of this rule;

(14) storage and transportation of cannabis and cannabis products is accomplished under conditions that will maintain security and protect the cannabis or cannabis products against physical, chemical, and microbial contamination, as well as against deterioration of the cannabis or cannabis products and the container; and

(15) that there is sufficient space for placement of equipment and storage of material as is necessary for the maintenance of sanitary operations for production of cannabis.

[16.8.2.21 NMAC - N x/xx/2021]

#### 16.8.2.22 WASTAGE OF CANNABIS OR CANNABIS PRODUCTS; PERMITTED METHODS:

Licensees that waste cannabis or cannabis products shall do so by rendering the cannabis or cannabis products unusable and unrecognizable prior to removal from licensed premises. The wastage of cannabis or cannabis products shall be documented, tracked by batch, and recorded in an electronic track and trace system specified by the division. Wastage of cannabis or cannabis products shall occur only within the licensee's ordinary business hours. Licensees shall dispose of wasted cannabis or cannabis products and shall not attempt to incorporate wasted cannabis or cannabis plants into any product intended for human consumption.

**A. Permitted methods of wastage:** Wastage of cannabis or cannabis plants shall be accomplished by grinding and incorporating the cannabis into other ground material, such as soil, compost material, or leaf and yard waste, so that the resulting mixture is at least fifty percent non-cannabis material by volume;

**B. Disposal of wasted cannabis:** Disposal of wasted cannabis or cannabis plants shall be conducted in accordance with all applicable waste disposal laws, including hazardous waste disposal laws.

**C. Holding time:** Cannabis or cannabis products that a licensee intends to waste shall be held in a secured designated holding area for a minimum of 72-hours prior to being wasted. Licensees shall affix to each batch that is held for wasting documents that record information concerning the batch, including batch number or code, plant number, and weight. The batch to be wasted shall not be handled, moved, or wasted during the 72-hour period, unless by specific instruction of the division. Cannabis or cannabis products that are intended to be wasted may be subject to inspection by the division.

**D. Documentation of wastage; retention:** Licensees shall record the wastage of cannabis or cannabis products, including batch number, weight, plant number, the name of the receiving solid waste facility, dates of wastage and disposal, and any test results associated with a wasted batch, using an electronic system specified by the division, and shall deduct any wasted usable cannabis or cannabis plants from the licensee's inventory. The electronic record shall be retained for no less than two years following the disposal. Licensees shall additionally document the wastage of any cannabis using a video recording and shall retain the video recording of the destruction for no less than 120 days. Licensees shall make the video recording of the destruction available for the division's inspection and copying upon the division's request.

**E. Notice to division:** Licensees shall notify the division of the wastage of cannabis within five business days of the wastage.

[16.8.2.22 NMAC - N x/xx/2021]

**16.8.2.23 QUALITY ASSURANCE TESTING; COMPLAINT PROCEDURE:**

**A. Quality assurance testing by the division:** The division or its representative may conduct quality assurance sampling and testing of cannabis or cannabis products, and may require a licensee to provide samples of cannabis or cannabis products for this purpose. The division may additionally adopt and enforce a randomized testing schedule for the sampling and testing of cannabis or cannabis products. The division may prohibit the sale or transfer of cannabis or cannabis products that are determined by the division to contain prohibited levels of contaminants, or that is found to have been improperly tested, or may require remediation of such cannabis that is consistent with the remediation standards of the division.

**B. Complaints:** If the division receives a complaint regarding the presence of mold, bacteria, or another contaminant in cannabis or cannabis products, or if the division has reason to believe that the presence of mold bacteria or another contaminant may jeopardize public health and safety, the division or its representative may conduct an inspection and may require a licensee to provide samples of cannabis or cannabis products for testing by the division. Licensees shall allow the division or its representative access to a facility or to collect cannabis or cannabis product samples.

**C. Division sampling and testing requirements:** Division employees may possess cannabis samples for the sole purposes of establishing compliance with the Cannabis Regulation Act and division rules. The division shall comply with the following testing requirements:

- (1) the division shall maintain chain of custody documentation for any cannabis or cannabis product samples taken;
- (2) a written receipt shall be given to the licensee for all testing samples;
- (3) all testing samples shall be placed into a sealed container and clearly labeled;
- (4) all testing samples shall be tested by the division or a designated testing facility; and
- (5) the quantity of cannabis or cannabis products that is gathered by the division from a licensee for testing purposes shall not exceed the applicable sample sizes required by division rules.

**D. Cost of testing:** The licensee shall bear the cost of any testing required by the division.

[16.8.2.23 NMAC - N x/xx/2021]

**16.8.2.24 USE OF PESTICIDES BY LICENSED PRODUCERS:** The use of any pesticide by a licensed producer in the growth of cannabis shall be in accordance with the New Mexico Pesticide Control Act, Section 76-4-1 *et seq.*, NMSA 1978, and any associated rules.

[16.8.2.24 NMAC - N x/xx/2021]

**16.8.2.25 FIRE SAFETY LAWS APPLICABLE TO LICENSED PRODUCERS:** Licensees shall ensure all licensed premises are compliant with Article 52 of the New Mexico Statutes Annotated and any associated rules, including rules governing: posting of address, exit signs, emergency lighting, egress paths, evaluation plan, electrical wiring and lighting, exits and exit access, doors, egress hardware, aisle width, chemical storage, fire extinguishers, fire alarm, sprinkler system and fire suppression system, firewalls, combustible waste and housekeeping, storage, access from the exterior, and weeds, grass, vines or other growth capable of igniting.

[16.8.2.25 NMAC - N x/xx/2021]

**16.8.2.26 CONSTRUCTION OR ALTERATION OF CANNABIS ESTABLISHMENT BUILDINGS:**

Licensees shall ensure that all licensed premises are in compliance with the Construction Industries Licensing Act, Section 60-13-1 *et seq.*, NMSA 1978 and the LPG and CNG Act, Section 70-5-1 *et seq.*, NMSA 1978, including associated rules, as well as applicable codes, standards, zoning laws, licensing laws, and fire codes. Licensees shall further ensure that each structure, including manufactured homes used pursuant to Section 60-14-4(S), NMSA 1978, obtains a Certificate of Occupancy pursuant to 14.5.3.13 NMAC prior to occupancy and use of the structure.

[16.8.2.26 NMAC - N x/xx/2021]

**16.8.2.27 OCCUPATIONAL SAFETY:** Licensees shall comply with the Occupational Health and Safety Act, Section 50-9-1 *et seq.*, NMSA 1978 and any associated rules.

[16.8.2.27 NMAC - N x/xx/2021]

**16.8.2.28 MONITORING OF LICENSEE:**

**A. Monitoring:** The division may perform on-site assessments of an applicant or licensee during normal business hours to determine compliance with the Cannabis Regulation Act, the Lynn and Erin Compassionate Use Act, or division rules.

**B. Record access and review:** The division may review any and all records related to the operations of the

licensee and may require and conduct interviews with such persons or entities and persons affiliated with such entities, for the purpose of determining compliance with division rules or applicable laws. The division shall have access to the financial records of a licensee, including sales records and data from point-of-sale systems, and shall be granted immediate access to inspect or copy those records upon request.

**C. Access to premises:** Licensees shall provide the division immediate access to any material and information necessary for determining compliance with division rules or applicable laws. Failure by a licensee to provide the division access to the premises or materials may result in disciplinary action.

**D. Monitoring documents:** Any failure to adhere to division rules or applicable laws documented by the division during monitoring may result in disciplinary action.

**E. Report to law enforcement:** The division shall refer suspected criminal activity or complaints alleging criminal activity that are made against a licensee to appropriate federal, state, or local law enforcement authorities.

**F. Financial records:** Licensees shall maintain detailed sales records in a manner and format approved by the division, inform the division of the location where such records are kept, and promptly update the division if the records are removed.

**G. Audit:** Licensees shall submit the results of an annual audit to the division no later than 90 days after the end of each fiscal year of the licensee. For the purposes of this section, the fiscal year of a licensee shall be the 12-month cycle identified by the producer in its filings with the New Mexico taxation and revenue department. The annual audit shall be conducted by an independent certified public accountant; the costs of which shall be borne by the licensee. Results of the annual audit shall be forwarded to the division. The division may also periodically require, within its discretion, the audit of a licensee's financial records by the division.

**H. Quarterly producer reports:** A cannabis producer licensee shall submit reports on at least a quarterly basis, or as otherwise requested, and in the format specified by the division. The quarterly report shall include at a minimum:

- (1) number of cannabis plants and cannabis inventory;
- (2) revenue from the wholesale of cannabis;
- (3) total number of transactions;
- (4) number of units provided without charge;
- (5) number of cannabis plants in production, including mature and immature plants;
- (6) number of cannabis plants harvested;
- (7) total yield of usable cannabis harvested from cannabis plants (in grams);
- (8) average yield per plant (in grams);
- (9) amount of cannabis (in grams) sold by wholesale;
- (10) amount of cannabis (in grams) purchased by wholesale;
- (11) number of live cannabis plants (including clones) and cannabis seeds sold;
- (12) amount of dried cannabis leaves and flowers in stock;
- (13) average price per gram of dried cannabis leaves and flowers;
- (14) total amount of dried cannabis leaves and flowers sold (in units);
- (15) total sales of dried cannabis leaves and flowers (in dollars and units);
- (16) amount of gross receipts tax paid to the New Mexico taxation and revenue department; and
- (17) all quality testing reports, to be included as attachments.

[16.8.2.28 NMAC - N x/xx/2021]

**16.8.2.29 SEVERABILITY:** If any part or application of this rule is held to be invalid, the remainder or its application to other situations or persons shall not be affected. Any section of this rule legally severed shall not interfere with the remaining protections and duties provided by this rule.

[16.8.2.29 NMAC - N x/xx/2021]

**The following parts are intentionally omitted in this round of rulemaking:**

**PART 6: HEALTH AND SAFETY, FOOD AND PRODUCT SAFETY, ENVIRONMENTAL IMPACTS,  
AND NATURAL RESOURCES; AND**

**PART 7: QUALITY CONTROL, INSPECTION, AND TESTING OF CANNABIS PRODUCTS**

**TITLE 16 OCCUPATIONAL AND PROFESSIONAL LICENSING**  
**CHAPTER 8 COMMERCIAL AND MEDICAL CANNABIS**  
**PART 8 CANNABIS PLANT LIMITS AND PROCESS TO ADDRESS SHORTAGE OF CANNABIS SUPPLY IN THE MEDICAL CANNABIS PROGRAM**

**16.8.8.1 ISSUING AGENCY:** New Mexico Regulation and Licensing Department, Cannabis Control Division.  
[16.8.8.1 NMAC - N x/xx/2021]

**16.8.8.2 SCOPE:** This rule applies to all persons licensed or seeking to be licensed to produce, manufacture, and/or sell cannabis pursuant to the Cannabis Regulation Act.  
[16.8.8.2 NMAC - N x/xx/2021]

**16.8.8.3 STATUTORY AUTHORITY:** The requirements set forth herein are promulgated by the cannabis control division pursuant to the authority granted under the Cannabis Regulation Act, and the Lynn and Erin Compassionate Use Act.  
[16.8.8.3 NMAC - N x/xx/2021]

**16.8.8.4 DURATION:** Permanent.  
[16.8.8.4 NMAC - N x/xx/2021]

**16.8.8.5 EFFECTIVE DATE:** July 20, 2021, unless a different date is cited at the end of a section.  
[16.8.8.5 NMAC - N x/xx/2021]

**16.8.8.6 OBJECTIVE:** The objective of Part 8 is to establish the limit of mature cannabis plants a licensee is authorized to cultivate pursuant to the Cannabis Regulation Act.  
[16.8.8.6 NMAC - N x/xx/2021]

**16.8.8.7 DEFINITIONS:** Unless otherwise defined in Title 16, Chapter 8, Part 1, terms used in Title 16, Chapter 8, have the same meanings as set forth in the Cannabis Regulation Act and the licensing authority under the Lynn and Erin Compassionate Use Act.  
[16.8.8.7 NMAC - N x/xx/2021]

**16.8.8.8 GENERAL PROVISIONS FOR PLANT COUNT:**

**A. Cannabis plant growth cycle:** For purposes of this rule, the cannabis plant growth cycle is based on the following 4 stages:

- (1) germination stage includes a seed sprouting to form a seedling and lasts 3-10 days;
- (2) seedling stage includes a shoot emerging from the soil surface, eventually forming the first leaves and lasts 2-3 weeks;
- (3) vegetative stage is the period of growth between germination and the beginning of flowering, including cloned cannabis plants, and lasts 3-16 weeks; and
- (4) flowering stage begins when a cannabis plant starts blooming, including pre-flowers with pistils that are visible, and lasts 6-8 weeks.

**B. Mature cannabis plant:** For purposes of this rule, a mature cannabis plant shall be a cannabis plant in the flowering stage.  
[16.8.8.8 NMAC - N x/xx/2021]

**16.8.8.9 PLANT LIMIT LEVELS:**

**A. Initial license designation:** All producer licenses issued on or after July 1, 2021, will be designated by the division as a level 1, level 2, or level 3, which will be based on the following plant count:

- (1) Level 1: 201 – 2,500 mature cannabis plants;
- (2) Level 2: 2,501 – 3,500 mature cannabis plants; and
- (3) Level 3: 3,501 – 4,500 mature cannabis plants

**B. Incremental increase:** A licensee may increase the number of mature plants, at the time of renewal and one other time per year. An authorized plant count increase shall only be approved in increments of 500 plants.

**C. Limit of incremental increase:** A licensee may be allowed to increase its authorized plant count up to 4 increments at a time upon application and approval by the division.

**D. Immature Plants:** For purposes of calculating the maximum number of authorized mature plants, the germination, seedling, and vegetative stages are classified as immature plants and are excluded.

**E. Maximum plant count:** In no event shall a licensee be permitted to grow more than 4,500 mature cannabis plants at one time.

[16.8.8.9 NMAC - N x/xx/2021]

#### **16.8.8.10 PLANT INCREASE REQUEST:**

**A.** A licensee may request an increase of the number of mature plants licensed at the time of renewal and at one other time per year. To be considered for approval by the division, the licensee shall provide, in addition to required fees set forth in 16.8.11 NMAC, the following information to demonstrate the licensee's capacity for a plant count increase and compliance with the Cannabis Regulation Act, the Lynn and Erin Compassionate Use Act, and division rules:

- (1) a current inventory of mature cannabis plants and harvested cannabis;
- (2) the percentage of cannabis or cannabis products that were sold to another licensed cannabis establishment or directly to consumers for the medical cannabis program each month for the last 6 months;
- (3) the total amount of cannabis or cannabis products that were sold to another licensed cannabis establishment or directly to consumers each month for the last 6 months; and
- (4) certification the licensee shall maintain all current requirements for licensure.

**B.** The division shall make a determination to approve or deny a licensee's request to increase plant count based on the following factors:

- (1) the licensee has met the required minimum sale of medical cannabis each month for the last 6 months it has operated;
- (2) the licensee has sold at least 80 percent of its cannabis or cannabis products each month for the last 6 months it has operated;
- (3) the existence of any pending or final enforcement action taken by the division against the licensee;
- (4) whether there is a shortage of cannabis in the medical cannabis program during the most recent 6-month period, including throughout the state and in underserved geographical regions;
- (5) whether the plan for expansion meets the requirement for licensure; and
- (6) the completeness of information and data provided to the division.

**C. Ground for Denial:** The division may also deny an amended application for additional plants if the licensee exceeded its authorized mature plant count during the prior 12-month period.

[16.8.11.10 NMAC - N x/xx/2021]

#### **16.8.11.11 ADDRESSING A SHORTAGE OF MEDICAL CANNABIS:**

**A.** Upon the division allowing commercial cannabis retail sales, cannabis retail establishments shall make reasonable efforts to sell a minimum of twenty-five percent of their monthly cannabis sales to qualified patients, primary caregivers, and reciprocal participants, or to other licensed cannabis retail establishments that meet or exceed the twenty-five percent sales to qualified patients, primary caregivers, and reciprocal participants until December 31, 2022.

**B.** Upon the division allowing commercial cannabis retail sales, licensed cannabis producers, including cannabis producer microbusinesses, vertically integrated cannabis establishments, and integrated cannabis microbusinesses, and cannabis manufacturers shall make reasonable effort to sell wholesale to licensed cannabis retail establishments that meet or exceed the twenty-five percent sales to qualified patients, primary caregivers and reciprocal participants until December 31, 2022.

**C.** After December 31, 2022, the division may take the following measure to address a shortage of cannabis supply in the medical cannabis program:

- (1) require all licensed cannabis retail establishments to ensure that at least 10 percent of their cannabis and cannabis products in stock on a monthly basis is designated for sale to qualified patients, primary caregivers, and reciprocal participants; or
- (2) reduce the per plant fee for designated medical cannabis plants to incentivize increased production of cannabis plants to remedy a shortage of cannabis supply in the medical cannabis program; and
- (3) after having first exhausted measures to increase production of cannabis plants, the division may exclude commercial cannabis activity from the scope of new licenses issued to initial applicants for a

vertically integrated cannabis establishment, cannabis producer, integrated cannabis microbusiness, cannabis producer microbusiness, or cannabis manufacturer license, which limitation shall be in force for a period of at least six months; and

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

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

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

[16.8.11.11 NMAC - N x/xx/2021]

**16.8.11.12 SEVERABILITY:** If any part or application of this rule is held to be invalid, the remainder or its application to other situations or persons shall not be affected. Any section of this rule legally severed shall not interfere with the remaining protections and duties provided by this rule.

[16.8.11.12 NMAC - N x/xx/2021]

**TITLE 16 OCCUPATIONAL AND PROFESSIONAL LICENSING**  
**CHAPTER 8 COMMERCIAL AND MEDICAL CANNABIS**  
**PART 11 FEES**

**16.8.11.1 ISSUING AGENCY:** New Mexico Regulation and Licensing Department, Cannabis Control Division.

[16.8.11.1 NMAC - N x/xx/2021]

**16.8.11.2 SCOPE:** This rule applies to all applicants and licensees applying for licensure and renewal of licensure under all license types as set forth in the Cannabis Regulation Act and the Lynn and Erin Compassionate Use Act.

[16.8.11.2 NMAC - N x/xx/2021]

**16.8.11.3 STATUTORY AUTHORITY:** The requirements set forth herein are promulgated by the cannabis control division pursuant to the authority granted under the Cannabis Regulation Act and the licensing provisions of the Lynn and Erin Compassionate Use Act.

[16.8.11.3 NMAC - N x/xx/2021]

**16.8.11.4 DURATION:** Permanent.

[16.8.11.4 NMAC - N x/xx/2021]

**16.8.11.5 EFFECTIVE DATE:** July 20, 2021, unless a different date is cited at the end of a section.

[16.8.11.5 NMAC - N x/xx/2021]

**16.8.11.6 OBJECTIVE:** The objective of Part 11 is to establish a uniform schedule of fees applicable to licenses issued under the Cannabis Regulation Act.

[16.8.11.6 NMAC - N x/xx/2021]

**16.8.11.7 DEFINITIONS:** Unless otherwise defined below, terms used in Title 16, Chapter 8, Part 1, have the same meanings as set forth in 16.8.1 NMAC, the Cannabis Regulation Act, and the Lynn and Erin Compassionate Use Act.

[16.8.11.7 NMAC - N x/xx/2021]

**16.8.11.8 GENERAL PROVISIONS FOR FEES:** [RESERVED]

[16.8.11.8 NMAC - N x/xx/2021]

**16.8.11.9 ANNUAL LICENSING FEES:** Every application for the issuance or renewal of the following licenses shall be accompanied by an annual licensing fee in the following specified amounts:

- A. Cannabis courier license:** \$250 annually  
Each additional licensed premises of the licensee: \$100 annually
- B. Cannabis testing laboratory license:** \$2,500 annually  
Each additional licensed premises of the licensee: \$1,000 annually
- C. Cannabis manufacturer license:** \$2,500 annually  
Each additional licensed premises of the licensee: \$1,000 annually
- D. Cannabis producer license:** \$2,500 annually  
Each additional licensed premises of the licensee: \$1,000 annually
- E. Cannabis retailer license:** \$2,500 annually  
Each additional licensed premises of the licensee: \$1,000 annually
- F. Cannabis research laboratory license:** \$2,500 annually  
Each additional licensed premises of the licensee: \$1,000 annually
- G. Vertically integrated cannabis establishment license:** \$7,500 annually  
Each additional licensed premises of the licensee: \$1,000 annually
- H. Cannabis producer microbusiness license:** License fees for cannabis producer microbusinesses shall be determined by the number of plants growing under each license.
  - (1) Licensees growing 100 plants or less:** \$500 annually
  - (2) Licensees growing 101 to 200 plants:** \$1,000 annually
- I. Integrated cannabis microbusiness license:** License fees for integrated cannabis microbusinesses shall be determined by the number of activities conducted under each license. Activities considered are defined by the

Cannabis Regulation Act and entail:

- (1) production of cannabis at a single licensed premises, provided that the person shall not possess more than two hundred total mature cannabis plants at any one time;
  - (2) manufacture of cannabis products at a single licensed premises;
  - (3) sale and transportation of only cannabis products produced or manufactured by that person;
  - (4) operation of only one retail establishment; or
  - (5) couriering of cannabis products to qualified patients, primary caregivers or reciprocal participants or directly to consumers.
- |                              |                  |
|------------------------------|------------------|
| (a) <b>Two activities:</b>   | \$1,000 annually |
| (b) <b>Three activities:</b> | \$1,500 annually |
| (c) <b>Four activities:</b>  | \$2,000 annually |
| (d) <b>Five activities</b>   | \$2,500 annually |
- J. Cannabis consumption area:** \$2,500 annually

[16.8.11.9 NMAC - N x/xx/2021]

**16.8.11.10 ANNUAL LICENSING FEE PRORATION:** Licensees submitting an amended application to add or change a license type shall only be required to pay the difference between the fee for the original license type and the fee for the amended license type, provided that the division will not issue any refunds. The division shall prorate the fee to align with the expiration date of the licensee’s original license.

[16.8.11.10 NMAC - N x/xx/2021]

**16.8.11.11 ANNUAL PER PLANT FEE:**

**A. Commercial cannabis plants:** Except for cannabis producer microbusinesses and integrated cannabis microbusinesses, a licensee cultivating commercial cannabis plants shall be assessed an additional annual fee per mature cannabis plant at the time of licensing, incremental increase as set forth in 16.8.8.10 NMAC, and licensure renewal as set forth in 16.8.2.17 NMAC. Plant fees shall be assessed based on the plant limit license designation as set forth in subparagraph A in 16.8.8.9 NMAC, as follows:

- (1) Level 1: \$18.00 per mature cannabis plant;
- (2) Level 2: \$20.00 per mature cannabis plant; and
- (3) Level 3: \$22.00 per mature cannabis plant.

**B. Medical cannabis plants:** Except for cannabis producer microbusinesses and integrated cannabis microbusinesses, a licensee cultivating solely medical cannabis plants shall be assessed an additional annual fee per mature cannabis plant at the time of licensing, incremental increase as set forth in 16.8.8.10 NMAC, and licensure renewal as set forth in 16.8.2.17 NMAC. Plant fees shall be assessed based on the plant limit license designation as set forth in subparagraph A in 16.8.8.9 NMAC, as follows:

- (1) Level 1: \$9.00 per mature cannabis plant;
- (2) Level 2: \$10.00 per mature cannabis plant; and
- (3) Level 3: \$11.00 per mature cannabis plant.

[16.8.11.11 NMAC - N x/xx/2021]

**16.8.11.12 FEE LIMITATIONS:** Application fees and renewal fees shall not exceed \$125,000 for a vertically integrated cannabis establishment license for both medical cannabis activity and commercial cannabis activity. License fees and renewal fees for a license or renewal of a license that authorizes only medical cannabis activity shall be one-half the fee applicable to a license authorizing both medical cannabis activity and commercial cannabis activity.

[16.8.11.12 NMAC - N x/xx/2021]

**16.8.11.13 PROHIBITED ACTIVITY AND IMPACTS ON FEES:** Cannabis producer microbusiness or integrated cannabis microbusinesses entering into a business arrangement with another licensee with the purpose or having the effect of evading the limitations of the licensee’s license shall not be eligible for the lower fee prescribed in subsections H and I of 16.8.11.9 NMAC. Upon entering into such an arrangement, the licensees shall immediately pay the per-plant fee as set forth in 16.8.11.11 NMAC and the applicable fee for a producer license or vertically integrated cannabis establishment license as set forth in 16.8.11.9 NMAC.

[16.8.11.13 NMAC - N x/xx/2021]

**16.8.11.14 FEE PAYMENT TYPES ACCEPTED:** The division shall accept payment for annual licensing fees and annual per plant fees from sources including credit cards, debit cards, electronic checks, electronic bank transfers, automated clearing house payments, or cashier’s checks. Other forms of payment, including cash, shall not be accepted.

[16.8.11.14 NMAC - N x/xx/2021]

**16.8.11.15 RENEWAL FEE COLLECTION TIMING:** The division shall collect all renewal fees at the time of renewal of a license.

[16.8.11.15 NMAC - N x/xx/2021]

**16.8.11.16 SEVERABILITY:** If any part or application of this rule is held to be invalid, the remainder or its application to other situations or persons shall not be affected. Any section of this rule legally severed shall not interfere with the remaining protections and duties provided by this rule.

[16.8.11.16 NMAC - N x/xx/2021]

**TITLE 16 OCCUPATIONAL AND PROFESSIONAL LICENSING**  
**CHAPTER 8 COMMERCIAL AND MEDICAL CANNABIS**  
**PART 12 DENIAL, SUSPENSION, OR REVOCATION OF LICENSE; SANCTION, PLAN OF CORRECTION, AND CIVIL MONETARY PENALTY**

**16.8.12.1 ISSUING AGENCY:** New Mexico Regulation and Licensing Department, Cannabis Control Division.  
[16.8.12.1 NMAC - N x/xx/2021]

**16.8.12.2 SCOPE:** This rule applies to all licensees and applicants for licensure pursuant to the Cannabis Regulation Act, the Lynn and Erin Compassionate Use Act, and division rules.  
[16.8.12.2 NMAC - N x/xx/2021]

**16.8.12.3 STATUTORY AUTHORITY:** The requirements set forth herein are promulgated by the cannabis control division pursuant to the authority granted under the Cannabis Regulation Act and the licensing provisions of the Lynn and Erin Compassionate Use Act.  
[16.8.12.3 NMAC - N x/xx/2021]

**16.8.12.4 DURATION:** Permanent.  
[16.8.12.4 NMAC - N x/xx/2021]

**16.8.12.5 EFFECTIVE DATE:** July 20, 2021, unless an earlier date is cited at the end of a section.  
[16.8.12.5 NMAC - N x/xx/2021]

**16.8.12.6 OBJECTIVE:** The objective of Part 12 is to promote, preserve, and protect the public health and safety by regulating the safe production, testing, wholesale, and consumption of commercial and medical cannabis, as well as the authority to take action against a licensee or applicant for licensure, and to set forth the procedures for filing a complaint against cannabis establishment licensees.  
[16.8.12.6 NMAC - N x/xx/2021]

**16.8.12.7 DEFINITIONS:** Unless otherwise defined below, terms used in Title 16, Chapter 8, have the same meanings as set forth in the Cannabis Regulation Act and the Lynn and Erin Compassionate Use Act.  
[16.8.12.7 NMAC - N x/xx/2021]

**16.8.12.8 GENERAL PROVISIONS:**

- A.** A complaint may be initiated in writing by any person.
- B.** Complaints must be legible, either printed in black ink or typed.
- C.** Complaints must contain factual allegations, constituting the alleged violations of any provisions of the Cannabis Regulation Act or division rules.

[16.8.12.8 NMAC - N x/xx/2021]

**16.8.12.9 COMPLAINT PROCEDURES:** A complaint may be initiated by any person in writing and delivered via the division website, mail, or by visiting the division office. Only complaints written on the official complaint form will be formally addressed by the division. The forms required for an official complaint can be obtained from the division office, located at 2550 Cerrillos Road, Santa Fe, NM, 87505, or the division website.  
[16.8.12.9 NMAC - N x/xx/2021]

**16.8.12.10 PROCEDURES FOR RECEIPT OF A COMPLAINT:**

- A.** The division will maintain a written log of all complaints received, which records at a minimum, the date the complaint was received, and name, addresses of the complainant(s) and respondent(s).
- B.** Upon receipt of a complaint, the division will:
  - (1)** log in the date the complaint was received;
  - (2)** determine whether the respondent is licensed or an applicant for licensure with the division;
  - (3)** assign a complaint number and create an individual file;
  - (4)** send the complainant a written acknowledgment of receipt of the complaint; and

(5) at the division's discretion, investigate the allegations contained in the complaint to determine their veracity and whether the circumstances warrant any action by the division or referral to law enforcement.

[16.8.12.10 NMAC - N x/xx/2021]

**16.8.12.11 DIVISION ACTION:**

- A. The division may:
- (1) assess a civil monetary penalty that shall not exceed ten thousand dollars (\$10,000) per violation; or
  - (2) suspend or revoke the license.
- B. If the division determines that it lacks jurisdiction or that there is not sufficient evidence or cause to issue a notice of contemplated action, the case shall be closed.
- C. The division shall send a letter of the division's decision to both the complainant and respondent stating the division's actions and the reasons for its decision.
- D. If the division determines that there is sufficient evidence or cause to proceed with disciplinary action against the licensee, the division shall issue a notice of contemplated action and initiate disciplinary proceedings.

[16.8.12.11 NMAC - N x/xx/2021]

**16.8.12.12 PROCEEDINGS AGAINST APPLICANT OR LICENSEE:**

- A. All disciplinary proceedings will be conducted in accordance with the Uniform Licensing Act, Section 61-1-1 *et seq.*, NMSA 1978.
- B. Licensees who have been found culpable and sanctioned by the division shall be responsible for the payments of all costs of the disciplinary proceedings.

[16.8.12.12 NMAC - N x/xx/2021]

**16.8.12.13 SCHEDULE OF CIVIL MONETARY PENALTIES:**

- A. Subject to subsection B of this section, the division shall impose penalties as follows:
- (1) For the first offense within a 12-month period, a civil monetary penalty ranging from one thousand dollars (\$1,000) to two thousand dollars (\$2,000) or possible suspension or revocation of the license if the licensee's discipline history shows a pattern warranting suspension or revocation.
  - (2) For the second offense within a 12-month period, a civil monetary penalty ranging from two thousand dollars (\$2,000) to three thousand dollars (\$3,000) or possible suspension or revocation of the license if the licensee's discipline history shows a pattern warranting suspension or revocation.
  - (3) For three or more offenses within a 12-month period, a civil monetary penalty of ten thousand dollars (\$10,000) and revocation of the license.
  - (4) For any offense involving sale or distribution of cannabis to minors, a fine of ten thousand dollars (\$10,000) and revocation of the license.
- B. Any portion of the civil monetary penalties described in this rule may be enhanced or suspended, depending on the particular facts and circumstances of the individual case. When determining whether penalties should be enhanced or suspended, the division shall consider:
- (1) the nature of the violation;
  - (2) the licensee's level of cooperation with the division in investigating the violation;
  - (3) the violation's threat or potential threat to public health, safety, and welfare;
  - (4) the licensee's willingness to address and remediate the violation; and
  - (5) any other fact or circumstance that the division finds relevant.

[16.8.12.13 NMAC - N x/xx/2021]

**16.8.12.14 SETTLEMENT AGREEMENT:**

- A. Whenever probable cause exists that a licensee has violated a provision of the Cannabis Regulation Act, division rules, or any applicable state or federal law, and a monetary penalty or other disciplinary action may be issued to the licensee for such violation, an informal conference may be held with the licensee to determine whether a compromise of the penalty for the violation would be in the best interests of the state or public health and safety.
- B. Final disciplinary action decisions will be mailed to the licensee.
- C. A copy of the final decision shall be filed in the division and posted on the division website.

**D.** The civil monetary penalty imposed shall not exceed those which could be imposed after hearing.  
[16.8.12.14 NMAC - N x/xx/2021]

**16.8.12.15 SEVERABILITY:** If any part or application of this rule is held to be invalid, the remainder or its application to other situations or persons shall not be affected. Any section of this rule legally severed shall not interfere with the remaining protections and duties provided by this rule.  
[16.8.12.15 NMAC - N x/xx/2021]