

the buzz:

Cannabis News & Policy Update

January 2026 Edition

FEDERAL UPDATES

Rescheduling: President Donald Trump signed an [executive order](#) directing the Department of Justice (DOJ) to expedite the reclassification of marijuana from Schedule I to Schedule III under the Controlled Substances Act. Rescheduling marijuana to Schedule III would allow cannabis businesses to deduct ordinary business expenses currently disallowed under section 280E of the Internal Revenue Code. While it remains unclear how the rescheduling process will be expedited or what the timeline will look like, Republican Rep. David Joyce, who co-chairs the Congressional Cannabis Caucus, told [Marijuana Moment](#) he was not concerned the DOJ would delay or ignore Trump's order.

The Executive Order also:

- Directed White House staff to work with Congress to update the definition of final hemp-derived cannabinoid products to make it less restrictive, including a new upper limit on THC and CBD/THC ratios;
- Outlined the administration's intent to build a clearer federal framework for hemp products; and
- Announced a new Medicare pilot program to improve seniors' access to hemp-derived CBD products.

Anti-cannabis organization Smart Approaches to Marijuana (SAM) [announced](#) it retained Torridon Law and former U.S. Attorney General Bill Barr to file a lawsuit against the administration if the rule is finalized.

FY26 CJS Appropriations Bill: The U.S. House of Representatives passed a [FY26 Commerce, Justice, Science \(CJS\) appropriations bill](#) negotiated by House and Senate leadership that omits previously included language that would have barred the DOJ from rescheduling marijuana. The deal also preserves the longstanding rider prohibiting the DOJ from interfering with state medical marijuana programs, and maintains protections for state industrial hemp research. The agreement is awaiting action by the U.S. Senate.

U.S. v. Hemani: Attorneys general from 19 states and Washington, D.C., filed an [amicus curiae](#) brief urging the U.S. Supreme Court to uphold the federal law prohibiting firearm possession by individuals who are unlawful users of controlled substances, including marijuana. The Court announced it will hear the case March 2.

Strategies 64 Proposes “One-plant” Federal Regulatory Scheme: Cannabis policy and public affairs firm Strategies 64 released a [white paper](#) outlining recommendations to advance a national unified cannabis policy and federal regulatory framework. “The One-plant Solution” explains how the bifurcated federal approach to “marijuana” and “hemp” has created a fragmented and unstable policy landscape that rewards loophole chasing, weakens consumer protections, and complicates enforcement.

The paper proposes a clear, achievable plan to adopt a coherent, nationwide framework that prioritizes public health and safety and aligns with current market realities. Specifically, it calls for descheduling cannabis and regulating it as one plant through existing federal authorities; allowing states to continue setting their own policies and serving as the primary regulators; and establishing clear national standards for product safety, youth access prevention, marketing, taxation, and product authentication.



NEW MARKETS & LICENSING OPPORTUNITIES

Florida: Florida Attorney General James Uthmeier and several organizations filed [briefs](#) urging the Florida Supreme Court to block an adult-use ballot initiative that is currently up for review. The briefs argue the proposal is misleading, violates the single-subject rule, and is unconstitutional because it conflicts with federal marijuana prohibition. The Florida Chamber of Commerce, Florida Legal Foundation, Drug Free America, and Associated Industries of Florida were among the organizations that filed briefs. Oral arguments are scheduled for February 5.

Hawaii: Hawaii House Judiciary and Hawaiian Affairs Committee Chairman David Tarnas plans to advance legislation that would place adult-use cannabis legalization before voters via a constitutional amendment, citing repeated legislative failures despite public support. Tarnas sponsored a [legalization bill](#) that failed to advance in 2025. A constitutional amendment must receive a two-thirds vote in both chambers to appear on a future statewide ballot. Hawaii is the oldest medical cannabis program in the country that has not legalized adult-use cannabis.

Kentucky: The state's first legal medical cannabis sales [occurred](#) at The Post Dispensary in Ohio County on December 14. Kentucky is the first new state to launch medical cannabis sales since sales began in Georgia nearly three years ago. Kentucky currently has approximately 23,000 registered medical cannabis patients.

Virginia: Del. Paul Krizek filed a [bill](#) to create a commercial market for adult-use cannabis sales. The bill sponsored by Krizek, who chaired a [joint legislative commission](#) that developed policy recommendations in December 2025, is anticipated to be the primary vehicle to authorize a commercial adult-use market this legislative session. After Democrats secured a trifecta on November 4, 2025, there is momentum in the state legislature to allow adult-use sales. As drafted, licensing applications would open on July 1, and adult-use sales would begin on November 1.



STATE POLICY UPDATES

Maine: The sales tax on adult-use cannabis increased from 10% to 14% on January 1 as part of the new [state budget](#) signed in June by Gov. Janet Mills. However, cultivation taxes were decreased for flower (from \$335 to \$223 per pound), trim (from \$94 to \$63 per pound), immature plants (from \$1.50 to \$1 each), mature plants (from \$35 to \$23 each), and cannabis seeds (from 30 cents to 20 cents each).

Michigan: Efforts to block implementation of the state's new 24% wholesale cannabis tax that took effect January 1 continue in the courts. Late last year, the Michigan Cannabis Industry Association failed to secure an injunction from the Michigan Court of Claims and then filed an [emergency appeal](#) with the Michigan Court of Appeals on December 23, 2025. Judge Patel recently ruled the lawsuit can continue.

The Department of the Treasury published [guidance](#) on the implementation of the new wholesale tax, which is layered on top of existing retail excise and sales taxes, creating one of the highest cumulative cannabis tax burdens in the country. Some businesses are already [announcing](#) facility closures due to the new wholesale tax.

Also, in Michigan, the state Court of Appeals ruled in December that medical cannabis provisioning centers cannot deduct ordinary business expenses for state corporate income tax purposes. The case stemmed from a decision by the state Department of Treasury denying a company's business expense deductions for tax years 2018–2020, resulting in a \$139,000 tax bill. The court determined that the Michigan Regulation and Taxation of Marihuana Act (MRTMA) permits such deductions only for recreational "marihuana establishments," not medical marijuana facilities. The court concluded that if legislators intended medical facilities should receive the tax break, MRTMA would have explicitly mentioned this.

Ohio: On December 19, Gov. Mike DeWine signed [SB 56](#), a law designed to "close the hemp loophole" that allowed a grace period for the sale of drinkable cannabinoid products at bars, breweries, and retail stores through the end of 2026. DeWine then line-item [vetoed](#) the grace period and a provision that would have disqualified individuals with felonies from working in the marijuana industry. Ohioans for Cannabis Choice submitted a [petition](#) to overturn SB 56 before it takes effect March 20. If the campaign collects 248,092 signatures before the effective date, implementation of SB 56 would be delayed until a statewide referendum could be held in November.



Ballot Measures to Repeal Adult-Use Markets:

- Arizona:** Prominent Republican political operative Sean Noble filed a [ballot initiative](#) to repeal the state's adult-use cannabis market. If the application is approved, the petition will be assigned a serial number by the Secretary of State, at which time signature collection can begin. Proponents would need to submit 255,949 valid signatures by July 2 to qualify for the 2026 ballot.
- Maine:** Allegations of deceptive signature-collecting practices by organizers of a proposed initiative to repeal the state's adult-use market are circulating. While no formal challenges have been initiated, Rep. David Boyer published an [audio recording](#) of a petitioner who misrepresented the contents of the ballot measure to a prospective signatory. Initiative proponents must submit 67,682 valid signatures by February 2 to qualify for the 2026 ballot.
- Massachusetts:** Despite claims of fraudulent practices by paid signature gatherers, Petition 1E, a proposed ballot initiative that would roll back the state's adult-use market caused election officials appears to be going ahead. The Legislature has until May 5 to decide whether the petition is approved for the November 2026 ballot. If rejected by lawmakers, proponents must gather an additional round of signatures by July 1.

HEMP LITIGATION

Michigan: On December 17, the Senate passed [SB 599](#), [SB 601](#), and [SB 602](#), a package of bills deregulating industrial hemp and folding most intoxicating hemp products into the regulated marijuana market. Under the legislation, only licensed cannabis businesses could manufacture and sell products with more than 1.75 mg of an intoxicating or potentially intoxicating cannabinoid per container. Consumable hemp processors would be licensed to manufacture products under this potency cap for sale outside of the cannabis market. The Senate adopted various amendments prior to passing the legislation. Notably, they removed a proposed a minimum 15:1 CBD:THC ratio for hemp products and changed the THC limit from 1.75 mg per serving to 1.75 mg per container.

New Mexico: The state Environment Department [adopted](#) final rules governing the manufacturing, transportation, and testing of hemp products, making several substantive revisions in response to public comments. Regulators will exempt cosmetics and vapes from the state's potency limit of 2 mg total THC per serving and 20 mg per package, remove a proposed 15:1 CBD-to-THC ratio, and require multi-serving products to include an accurate dosing device. The new rules take effect January 28.

Texas: In late December, the Department of State Health Services proposed comprehensive [regulations](#) for consumable hemp products. They include raising hemp manufacturer licensing fees from \$250 to \$25,000 per facility (9,900% increase) and raising retailer registration fees from \$150 to \$20,000 per location (increase of more than 13,000%). The proposal would also substantially expand testing requirements for finished consumable hemp products and hemp-derived ingredients, and it would tighten packaging and labeling standards. Public comments are being accepted until January 26.



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