the buzz:

Cannabis News & Policy Update

July 2026 Edition

FEDERAL UPDATES

Rescheduling:

- **Litigation:** The Department of Justice filed its response to marijuana legalization opponents' emergency motion to stay the federal order to reschedule medical marijuana. Notably, the government's brief called out two of the entities opposing rescheduling—a drug testing industry association and a pharmaceutical company— as "pocketbook interests served by keeping all marijuana in Schedule I." Additionally, two medical cannabis businesses moved to intervene in support of the DOJ so regulated operators can directly defend the order and explain their reliance on Schedule III planning, federal registration pathways, and potential 280E relief.

- **Administrative Hearing:** The Drug Enforcement Administration wrapped up the administrative hearing regarding the proposed reclassification of marijuana from Schedule I to Schedule III. The DEA selected only opponents of rescheduling as participants, including Smart Approaches to Marijuana, the National Drug and Alcohol Screening Association, the Tennessee Bureau of Investigation, DUID Victim Voices, a doctor specializing in pain management, a pharmacist, and the states of Idaho, Indiana, and Nebraska. The hearing concluded July 15, with the government defending a new two-part test for determining whether marijuana has accepted medical use and opponents pressing the DEA to apply the older five-part test. FDA testimony focused on marijuana's relative safety compared with other substances, such as alcohol and opioids, including a lower risk of fatal overdose and a less severe withdrawal profile than that of alcohol. Rescheduling opponents used cross-examination of DEA witnesses to argue that the government switched tests because marijuana could not satisfy the older standard.

Supreme Court: The U.S. Supreme Court unanimously affirmed in *United States v. Ali Danial Hemani* that the federal government could not prosecute Hemani as an unlawful user of a firearm based only on regular marijuana use without individualized proof that his drug use made him dangerous. The Court left the statute intact for cases involving intoxication, addiction, felonies, or proof of dangerousness, but rejected a categorical theory that regular marijuana users can automatically be disarmed.

SAFE Banking: Sen. Jeff Merkley (D-OR) refiled the SAFE Banking Act with a bipartisan coalition of cosponsors. The bill would prevent federal banking regulators from penalizing financial institutions solely for serving state-legal marijuana businesses and would extend protections to ancillary businesses. On July 1, the American Bankers Association sent a letter to congressional leaders urging prompt committee consideration of the legislation, arguing that banking access would reduce cash-related public-safety risks and improve anti-money-laundering oversight.

NEW MARKETS & LICENSING OPPORTUNITIES

Virginia: Gov. Abigail Spanberger (D) signed H.B. 30, officially authorizing regulated adult-use cannabis sales beginning July 1, 2027. The Cannabis Control Authority opened a regulatory input process for businesses and other stakeholders. The framework authorizes up to 350 retail stores, allows delivery, moves hemp oversight to the CCA, and lets existing medical operators enter the adult-use market by paying a $10 million conversion fee. Licensing applications are anticipated to open by February 1, 2027.

Missouri: Missouri will accept applications for 77 microbusiness licenses from July 13–27, with the lottery scheduled for September 9. The round is intended to fill the remaining slots needed to reach the constitutional minimum of 144 microbusiness licenses and follows rule changes adopted after regulators revoked licenses tied to ownership and control arrangements that conflicted with program requirements.

Nebraska: Nebraska moved closer to a functioning medical cannabis market after regulators approved the first cultivation operation and Gov. Jim Pillen (R) approved permanent medical cannabis rules. Manufacturing license applications are open until July 20. The final rules remain narrow, including a 12-dispensary license cap and product-form limits that ban edibles, flower, and vapes.

STATE POLICY UPDATES

Massachusetts: The Cannabis Control Commission unanimously adopted emergency regulations implementing the time-sensitive portions of the state's new cannabis reform law, including the higher adult-use retail license cap and the two-ounce daily purchase limit. The emergency rules remain in effect for three months while the CCC accepts comments on permanent adoption until July 30. A broader rulemaking for the rest of the reform law is expected this fall.

Separately, the Massachusetts Department of Revenue currently interprets the state's decoupling from 280E (Mass. Gen. Laws ch. 63, § 30 and ch. 94G, § 1) as applying only to Massachusetts-licensed marijuana businesses. This position significantly affects MSOs filing combined corporate excise tax returns in Massachusetts. Although legislators have proposed a technical correction to clarify the scope of the decoupling provision, it has not yet passed. We anticipate additional legislative proposals and expect the Department to continue making adjustments until the statute is updated.

Georgia: SB 220 took effect July 1, renaming the Low THC Oil Registry as the Medical Cannabis Patient Registry; expanding qualifying conditions; replacing the 20-fluid-ounce low-THC oil possession limit with up to 12,000 mg THC; capping individual packages at 1,200 mg THC; and allowing patients 21 and older to use medical cannabis through vaporization while continuing to ban smoking. The Georgia Access to Medical Cannabis Commission must adopt implementing rules by January 1, 2027.

Michigan: The Cannabis Regulatory Agency scheduled a second public hearing on its omnibus marijuana rulemaking for July 23, with written comments due July 24, after making substantial revisions to the previous proposal. The rulemaking would add detailed requirements for licensing, management, and manufacturing agreements; allow marijuana retailers and processors to participate in industrial hemp activity under specified licenses; require testing for synthetic or chemically converted cannabinoids and terpenes; and authorize bulk packages and multi-packs.

Wyoming: State Attorney General Keith Kautz, acting as state commissioner of drugs and substance control, issued a final decision keeping all marijuana products on Schedule I of the Wyoming Controlled Substances Act despite the recent federal order rescheduling medical cannabis. Wyoming law typically moves state schedules for controlled substances in line with federal scheduling unless the commissioner objects. Kautz said rescheduling medical marijuana and marijuana products is a policy decision for the Wyoming Legislature.

HEMP

Federal Hemp Definition: The director of the White House Office of Management and Budget, Russell Vought, sent House Speaker Mike Johnson (R-LA) a supplemental funding request stating that the administration strongly supports "revising the Federal regulation of hemp to ensure the fair treatment of hemp products" or, at minimum, delaying the effective date of the new federal hemp definition. The request creates a new appropriations path for changing or delaying the 0.4 mg total-THC-per-container standard before it takes effect on November 12.

Hemp Beverages: The National Restaurant Association asked congressional leaders to delay the federal hemp THC beverage ban scheduled for November 12 by two years and to create a national framework for hemp-derived THC drinks. The association argued that low-dose THC beverages can operate as an alcohol alternative and noted that some alcohol-serving restaurants already offer hemp drinks while more would be interested under a clearer regulatory framework.

Ohio: A federal judge temporarily blocked enforcement of S.B. 56's hemp restrictions for 10 hemp beverage companies, creating the broadest company-specific court order so far against Ohio's 0.4 mg total THC limit for hemp products. The plaintiffs argue that Ohio cannot require companies to source and distribute covered hemp products only inside the state without violating the Commerce Clause. The order allows the covered companies to continue operating while the case proceeds, but the relief remains plaintiff-specific and does not reopen the broader Ohio hemp market.

North Carolina: The Senate adopted the conference report for H.B. 328, advancing a bill that would shift North Carolina to a total-THC standard and treat finished hemp-derived consumables above 0.4 mg total THC per retail container as prohibited Schedule VI products. The House did not take up the conference report before the summer recess, but it is expected to be back in session on July 27. If enacted, the 0.4 mg total THC limit for hemp products would take effect on November 12 and remain in place even if Congress later repeals the new federal definition.

Delaware: H.B. 373 received final legislative approval on July 1 and is awaiting action by Gov. Matt Meyer (D). The bill would create a licensing, distribution, retail, and tax framework for THC-infused beverages. It would allow sales of beverages with up to 10 mg delta-9 THC per container through package stores, certain microbreweries, and marijuana retailers. THC-infused beverages would be subject to a tax of $0.50 per single-serving infused beverage container and $8.50 per 750-milliliter bottle. If signed, most provisions would take effect 90 days after enactment, and the new beverage tax would begin on February 1, 2027, but the hemp beverage market would automatically terminate if the new federal hemp definition takes effect without congressional modification.

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