

# the buzz:

## Cannabis News & Policy Update

June 2026 Edition

### FEDERAL UPDATES

**Rescheduling Litigation:** Multiple legal challenges have been filed seeking to overturn the Trump administration's order moving state-licensed medical marijuana products to Schedule III of the Controlled Substances Act. In addition to the earlier challenge from Smart Approaches to Marijuana and other legalization opponents, the attorneys general of Indiana, Louisiana, and Nebraska filed a [petition](#) for review in the D.C. Circuit, although Louisiana has since withdrawn from the case. A separate lawsuit was also [filed](#) by anti-marijuana activists, substance misuse professionals, physicians, and MMJ International Holdings.

All three legal challenges have been consolidated in the U.S. Court of Appeals for the District of Columbia Circuit, which is also considering the challengers' 1) request to stay the Schedule III reclassification executive order; and 2) halt the Drug Enforcement Administration's (DEA) administrative hearings, currently scheduled to begin on June 29.

Separately, the DEA will continue accepting expedited registration applications from medical marijuana dispensaries through June 26.

**Hemp:** U.S. House Republicans filed [several amendments](#) seeking to block or delay enforcement of the federal hemp THC restrictions scheduled to take effect November 12. The House Rules Committee later blocked floor consideration of those amendments, closing off the fastest legislative path to delaying the new federal hemp definition.

**Stock Exchange:** Trulieve [announced](#) that its subordinate voting shares were approved for listing on the New York Stock Exchange, marking the first time a U.S. cannabis company has been approved to list on a major U.S. exchange. The company said it completed a restructuring following federal medical marijuana rescheduling so that its remaining consolidated operations consist only of state-licensed medical marijuana facilities. Trading began on June 10 under the symbol **TRLV**.

**280E Guidance:** A group of congressional lawmakers led by Reps. Steven Horsford (R-NV) and Steve Cohen (D-TN) sent a [letter](#) urging the Treasury Department and the Internal Revenue Service to quickly issue guidance on how marijuana rescheduling affects Section 280E. Separately, U.S. Senator James Lankford (R-OK) and House Budget Chairman Jodey Arrington (R-TX) sent a similar [letter](#). Treasury has indicated that guidance will address expense apportionment and a transition rule, but operators still lack clarity on how deductions will apply to businesses with mixed medical, adult-use, and ancillary operations. The next major development will be formal IRS or Treasury guidance explaining how businesses should treat expenses for the taxable year that includes the rescheduling order.

**280E Refund Litigation:** The U.S. Department of Justice is seeking to claw back an \$8.3 million refund issued to TerrAscend USA after the company filed an amended 2020 tax return claiming deductions that the government says were barred by Section 280E. According to the [federal complaint](#), TerrAscend originally filed a 2020 return claiming no business deductions but later filed an amended return claiming \$64.2 million in deductions, resulting in the disputed refund. The government argues that cannabis remained a Schedule I controlled substance during the 2020 tax year and that TerrAscend was not entitled to deduct ordinary business expenses under 280E. The company said it believes the refund was properly received and intends to defend its position.

### SECOND AMENDMENT

**Firearms & Drug Use:** The U.S. Supreme Court ruled unanimously on June 18 in *United States v. Hemani* that the federal government cannot automatically bar gun ownership solely because an individual uses marijuana. The Court held that prosecuting a Texas man under 18 U.S.C. §922(g)(3) for possessing a firearm while being an admitted marijuana user violated the Second Amendment. The decision is narrow—it does not address bans on firearm possession by addicts, those presently intoxicated, or convicted felons—but it has immediate implications for the millions of Americans who use marijuana in compliance with state law yet remain “unlawful users” under federal law.

## NEW MARKETS & LICENSING OPPORTUNITIES

**Alabama:** Alabama's first medical cannabis dispensary [opened](#) on June 4, following years of licensing disputes, administrative setbacks, and litigation. The Alabama Medical Cannabis Commission identified Callie's Apothecary in Montgomery as the first operating dispensary and said additional dispensaries are expected to open this summer.

**Iowa:** Gov. Kim Reynolds (R) signed [H.F. 990](#), which increases Iowa's medical cannabidiol dispensary cap from five to 10 and changes future dispensary licensing to an application-based process. Iowa currently has two licensed medical CBD manufacturers, which operate the five existing dispensaries. The full scope of the opportunity will depend on how regulators structure the application process.

**Virginia:** Virginia lawmakers continue to explore paths forward for adult-use cannabis sales after Gov. Abigail Spanberger (D) vetoed standalone retail sales legislation in May. The Joint Commission to Oversee the Transition of the Commonwealth into a Cannabis Retail Market held its first meeting since the veto on June 2, where lead bill sponsors [said](#) lawmakers and administration officials are discussing whether a revised sales framework can be included in the still-unfinished state budget. Moving adult-use sales through the budget would keep the issue alive through must-pass legislation and could give the governor and legislative leaders a new path to compromise after the veto. Budget negotiators must reach an agreement before the new fiscal year begins July 1. The House is scheduled to reconvene for its special session on June 18, and the Senate is scheduled to reconvene on June 22.



## STATE POLICY UPDATES

**California:** Los Angeles voters approved [Measure CB](#) (72-28), which applies the city's existing cannabis business taxes to unlicensed cannabis businesses. Licensed cannabis businesses in Los Angeles already pay gross receipts taxes based on activity type, including 10% on adult-use cannabis sales, 5% on medical cannabis sales, 2% on manufacturing, cultivation, or other commercialization, and 1% on transportation, testing, or research. Measure CB extends those same taxes to unlicensed operators. Supporters argued the measure would create another enforcement tool to address unlicensed cannabis businesses. Los Angeles officials will now need to implement the tax collection and enforcement framework for unlicensed businesses.

**Connecticut:** Gov. Ned Lamont (D) signed the state's [FY2027 budget adjustment bill](#), replacing Connecticut's potency-based cannabis tax with a 10.75% retail excise tax. The new tax takes effect October 1. Connecticut later enacted a cleanup bill restoring the state's flower potency cap and adding new restrictions on contracts involving social equity applicants. Regulators will need to issue guidance on how businesses should comply with the tax transition, restored potency cap, and social equity contract provisions.

**Illinois:** Illinois lawmakers passed [SB 3222](#) and sent the omnibus cannabis and hemp bill to Gov. JB Pritzker (D). The bill would limit hemp products to 0.4 milligrams of total THC per container, allow adult-use dispensaries to apply for medical cannabis dispensing licenses, double possession limits, allow drive-through sales, and exempt medical cannabis from the state's potency tax. If signed, most provisions would take effect immediately, while the new hemp THC limits would take effect November 12. Adult-use dispensaries could begin applying for medical cannabis dispensing licenses 90 days after the bill becomes law.

**Michigan:** Michigan's new 24% wholesale marijuana tax [generated](#) nearly \$34 million through April 30, significantly below the roughly \$105 million the state had projected for a single quarter. The tax, which took effect January 1 as part of the state's road-funding package, is applied on top of Michigan's existing 10% retail excise tax and 6% standard sales tax. Early sales data have already shown market weakness following implementation of the tax, including sharp monthly sales declines in January and February. Michigan's next wholesale tax payment deadline is July 20, which should provide a clearer picture of whether the April revenue shortfall is an early anomaly or part of a broader trend.

**Minnesota:** Gov. Tim Walz (D) signed [S.F. 4401](#), a major cannabis and hemp omnibus bill. The law authorizes businesses to simultaneously hold hemp and cannabis licenses, creates a new cannabis macrobusiness license for medical operators, merges the medical and adult-use supply chains, and establishes a “ratio hemp-infused cannabis product” category. Several provisions took effect immediately, including authorization to hold hemp and cannabis licenses simultaneously, expanded enforcement authority over unlicensed operators, local control provisions, and ownership reforms.

## HEMP

**Texas:** The Texas Fifteenth Court of Appeals [denied](#) the hemp industry’s emergency request to keep a temporary injunction in place, allowing new Department of State Health Services rules targeting smokable hemp products and increasing hemp business fees to take effect again while litigation continues. The challenged rules include a “total THC” standard that counts THCA as 88% delta-9 THC for purposes of selling and manufacturing hemp products, which could restrict many smokable hemp flower and concentrate products currently sold in the state. The rules also sharply increase annual fees, raising retailer registration fees from \$150 to \$5,000 per location and manufacturer fees from \$250 to \$10,000. However, DSHS has [indicated](#) it is still determining how to proceed because the case has not reached a final disposition, making it unclear whether regulators will immediately begin enforcement. The litigation will continue before the Fifteenth Court of Appeals.

**Ohio:** The Ohio Department of Agriculture [proposed](#) rescinding the state’s hemp cultivation rules and amending its hemp processing rules as part of the department’s five-year rule review and implementation of SB 56. The proposal reflects Ohio’s adoption of the new federal hemp definition and would update rules covering licensing and operational requirements, testing standards, packaging and labeling, and prohibited hemp-derived cannabinoid products. The stakeholder comment period runs from June 8 through June 22. This is only the first stage of Ohio’s rulemaking process, and the department is expected to provide an additional opportunity for public comment before the rules are finalized.

**Tennessee:** Tennessee is preparing to fully [transition](#) hemp product oversight to the Tennessee Alcoholic Beverage Commission (TABC) on July 1. Existing Department of Agriculture retail and supplier licenses remain valid through June 30. After that date, manufacturers, wholesalers, and retailers of hemp-derived cannabinoid products will need a TABC license to operate. The new framework applies a total-THC standard, treats products above 0.3% total THC as illegal, and bans THCP and synthetic cannabinoids. Unlicensed sales after the transition will be a Class A misdemeanor.



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