

the buzz:

Cannabis News & Policy Update

May 2025 Edition

FEDERAL UPDATES

280E: The recent Republican-backed tax bills in the U.S. [House](#) and [Senate](#) do not currently include any changes to Internal Revenue Code Section 280E. There continue to be concerns that the sponsor of the House bill, Rep. Jodey Arrington, might leverage his position as chairman of the House Budget Committee to insert language into President Donald Trump's signature legislative package, known as the One Big Beautiful Bill Act that would change the application of 280E going forward. While there have been no reports of such language being added, we continue to monitor for any proposals to change 280E.

DEA: In late April, a Senate [confirmation hearing](#) was held for President Trump's nominee for DEA administrator, Terry Cole. During the hearing, Cole said reviewing delays in the cannabis rescheduling process would be one of his first priorities if confirmed. While he stopped short of endorsing rescheduling, his pledge to members of Congress that he will quickly address the stalled process is a positive development. The next DEA Administrator will have broad discretion on how to move forward with the rescheduling process, or they could kill it altogether.

Washington, DC: President Trump's initial nominee for U.S. attorney in the District of Columbia, Ed Martin, sent a [letter](#) to a locally licensed medical marijuana dispensary, warning that its proximity to several schools could trigger federal enforcement despite compliance with D.C. regulations. The letter could be an indicator of widespread enforcement based on geographic proximity to schools, or it could be just an isolated case based on specific political circumstances. Since then, Martin's nomination was withdrawn for unrelated reasons and replaced with Fox News personality Jeanine Pirro, who currently serves on the board of a CBD company.

NEW MARKETS & LICENSING OPPORTUNITIES

Pennsylvania: In a narrow, party-line vote, the Pennsylvania House of Representatives approved a [bill](#) proposed by Democratic lawmakers to legalize adult-use cannabis and restrict sales to state-run stores. It was quickly voted down 3–7 in the Senate Committee on Law and Justice, reaffirming expectations that a state-run store model lacks support in the Republican-controlled Senate. The House vote marked the first time a chamber has approved adult-use legalization in Pennsylvania.

Minnesota: The Minnesota Office of Cannabis Management [scheduled](#) the state's first adult-use cannabis licensing lottery for June 5. The OCM will award social equity and general licenses for cannabis cultivators, manufacturers, and mezzobusinesses. A second lottery for general retail applicants will be scheduled later in the summer. Meanwhile, Gov. Tim Walz and legislative leaders [announced](#) a state budget deal that includes increasing the cannabis excise tax from 10% to 15%. The regular legislative session adjourned May 19, and Walz is expected to call a special session to address budget-related bills. If the tax increase is approved, the total effective tax rate on adult-use cannabis and hemp-derived THC products will be as high as 25% in some cities, such as St. Paul.

Nebraska: After initially failing, a [bill](#) implementing the medical cannabis program approved by voters in a November ballot measure passed a crucial legislative committee. The bill would narrow the scope of the ballot measure program, restricting possession to no more than 2 oz of dried flower or bud and forbidding smoking as a method of consumption. Under the bill, Nebraska would issue a limited amount of vertically integrated and non-vertically integrated licenses through a competitive application window by March 2026. The path for the bill to become law remains challenging because Gov. Jim Pillen [opposes](#) medical cannabis legalization and may veto it. Without implementing legislation, Nebraska's voter-approved program cannot be launched.

Kentucky: State Auditor Allison Ball announced an [investigation](#) into the medical cannabis licensing process. She cited continued public complaints about how the state administered the lottery process, which awarded licenses primarily to out-of-state businesses. It is worth noting Ball is a Republican elected official and vocal critic of Democratic Gov. Andy Beshear's administration, so the investigation could also be a politically motivated challenge to one of Beshear's major policy achievements.

STATE POLICY UPDATES

California: Gov. Gavin Newsom's administration [announced](#) an increase in the cannabis excise tax from 15% to 19%, effective July 1. The roughly 27% hike, which was authorized under a law signed in 2022, is intended to compensate for a decrease in cannabis tax revenue. Assembly member Matt Haney introduced a [bill](#) to block the tax increase, which is progressing through the Legislature.

Colorado: On the final day of the legislative session, state lawmakers approved a [bill](#) aimed at streamlining the cannabis regulatory system. It is now awaiting action from Gov. Jared Polis, who is expected to sign it. HB25-1209 offers [meaningful operational relief](#) to cannabis businesses, including significant reductions in surveillance, recordkeeping, and employee registration requirements. It is also expected to reduce the strain on regulators so they can focus more time on public safety priorities like preventing youth access. Colorado's decision to shift towards more pragmatic, less burdensome regulatory requirements could inspire similar actions in other states where the early adoption of adult-use legalization resulted in more restrictive regulatory schemes. The bill was championed by the state's only major cannabis business association, [Colorado Leads](#), of which Holland & Hart is a proud member.

License applications for psychedelic healing centers legalized by The Natural Medicine Health Act opened at the end of last year. The state recently issued the first operational license to a Denver healing center to begin offering psilocybin-assisted therapy to adults.

Missouri: On May 13, the Missouri Supreme Court heard [oral arguments](#) on whether counties can levy a 3% marijuana sales tax on top of a city's 3% marijuana sales tax. 78% percent of Missouri counties currently levy the additional tax, making this a key issue for cannabis retailers. An appellate court previously ruled that this practice of "tax stacking" is not allowed, but St. Louis County contends that its public health responsibilities justify the practice.

Florida: On May 2, Gov. Ron DeSantis signed a new [law](#) that tightens the state's ballot initiative process, adding significant barriers for citizen-led efforts like adult-use legalization. The law requires a \$1 million bond to start signature gathering, bans out-of-state petitioners, limits the signature submission window, and mandates personal information on public petition forms. An organization spearheading a 2026 adult-use ballot initiative, Smart and Safe Florida, joined a [federal lawsuit](#) to block enforcement of the law.

HEMP

Hemp Beverages: Several states are considering legislation to regulate the sale of hemp-derived beverages, with the alcohol industry emerging as a key player in legislative debates. Bills have been approved and sent to governors in two Southern states:

Alabama: Gov. Kay Ivey signed into [law](#) new requirements for consumable hemp products, which would allow hemp beverages to be sold by off-premise liquor licenses, hemp retailers, and grocery stores. Potency of hemp beverages would be capped at 10 mg of total THC per 12-ounce container, direct-to-consumer sales would be banned, and a 10% excise tax would be imposed on retail sales.

Tennessee: A [bill](#) sent to Gov. Bill Lee would limit the sale of hemp beverages to package stores, on-premise liquor businesses, and hemp retailers. The potency of hemp beverages would be capped at 250 mg of hemp-derived cannabinoids per 750 ml container. Brands must be registered with regulators, and direct-to-consumer sales would be banned. The bill levies two taxes: a \$0.01 per mg of hemp-derived cannabinoid wholesale tax and a 6% excise tax on retail sales.

Texas: In direct opposition to the Senate's proposed ban on all hemp products with any THC, on May 5, a House committee advanced a [bill](#) allowing the sale of hemp beverages and edibles. Lt. Gov. Dan Patrick stated that he may call a special session to pass a ban on hemp products if the Legislature does not finalize a bill by the time the legislative session ends on June 2.

Oklahoma: On April 28, Gov. Kevin Stitt [called on](#) five state agencies to coordinate a statewide enforcement effort targeting psychoactive hemp-derived products like Delta-8 and Delta-10 THC. Stitt urged agencies to crack down on unregulated sales through stores that are not licensed medical cannabis dispensaries, and to close enforcement gaps around compounds such as THC-O, HHC, and THCP. A joint action plan from these agencies is due by May 28.

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