

the buzz:

Cannabis News & Policy Update

September 2025 Edition

FEDERAL UPDATES

Rescheduling: On September 10, the House Appropriations Committee approved a FY26 Commerce, Justice, Science, and Related Agencies spending bill that would block the Department of Justice from using funds to reschedule marijuana. It must still receive approval from the full House and the Senate. The same committee included a similar provision in last year's CJS spending bill, but the language was ultimately removed.

280E: On September 11, the U.S. Tax Court issued an opinion in *Savage v. Commissioner of Internal Revenue*, restricting the tax benefits available to cannabis businesses. Specifically, the court ruled that wages disallowed under section 280E should also be excluded from the calculation of W-2 wages for the purposes of the qualified business income (QBI) deduction. As a result, two Washington cannabis businesses were found to owe almost \$1 million in unpaid taxes.

Hemp: Late last month, U.S. Rep. Morgan Griffith (R-VA) circulated a draft bill that would create a federal regulatory framework for hemp-derived cannabinoid products. The proposed legislation would amend the Food, Drug, and Cosmetic Act to establish a new chapter for cannabinoid hemp products, with regulatory authority assigned to the U.S. Food and Drug Administration and the Department of Health and Human Services.

Federal Regulations Withdrawn: On September 11, the Department of Justice withdrew two cannabis rules proposed by former President Joe Biden. One rule would have simplified regulations concerning the application process to research marijuana. The other rule would have waived registration requirements for labs performing chemical analysis on hemp samples cultivated under a USDA Hemp Production plan. The withdrawals are part of a package of 54 total rules related to a larger deregulatory initiative by the Trump administration.

NEW MARKETS & LICENSING OPPORTUNITIES

Rhode Island: The Cannabis Control Commission is accepting applications for 24 adult-use retail licenses until December 29. This is the first opportunity for new businesses to enter the state's adult-use market. The new retail licenses will be awarded via lottery, including 12 to general applicants, six to social equity applicants, and six to workers' cooperative applicants.

Nebraska: In early September, the state Medical Cannabis Commission approved revised emergency rules for the soon-to-launch medical program. The restrictive new regulations would institute a 60% potency cap on all products, cap the total number of cultivation and manufacturing licenses at four each, and ban previously approved products like non-sugarcoated gelatinous cubes. Following adoption of the rules, the Commission opened applications for four cultivator licenses that closed on September 23.



STATE POLICY UPDATES

California: On September 22, Gov. Gavin Newsom signed [AB 564](#), eliminating the state's automatic cannabis excise tax increase that began July 1, 2025. As a result, the state's cannabis excise tax rate was reduced from 19% to 15% until June 30, 2028.

New York: The New York Office of Cannabis Management [proposed rules](#) covering advertising, packaging, and labeling. The rules would notably relax New York's existing 90% audience composition requirement to 71.2% by tying it to the proportion of the state's population that is 21 and older. It also allows for discounts and loyalty programs, and it requires certain licensees to submit an environmental sustainability program for product packaging as part of the application and licensure process. Public comments on the proposed rules must be submitted by October 10.

Ballot Measures: Several cannabis-related ballot measure efforts are underway, with groups across the U.S. either collecting signatures or submitting language for initial certification:

- **Massachusetts:** On September 3, the state attorney general certified [two versions of a 2026 ballot initiative](#) that would repeal state laws governing the commercial market for adult-use cannabis. To qualify for the ballot, supporters must collect 74,574 valid signatures before November 19, and another 12,429 by June 17, 2026, if the legislature fails to act on it in early 2026.
- **Missouri:** On September 9, four new [initiative petitions](#) were filed that would unify the marijuana and hemp markets. Despite having the same overarching goal, the petitions have some differences, such as whether THC beverages would be folded into the alcohol supply chain. The petitions are undergoing a 50-day review for certification. If certified, supporters will need to gather 170,215 valid signatures by May 3, 2026, to qualify for the November 2026 ballot.
- **Oregon:** On August 21, the attorney general certified a [ballot title](#) for a proposed initiative to legalize social consumption sites. The measure would allow for the issuance of licenses for "social lounges," with only microbusinesses eligible for the license. Alcohol and tobacco consumption and on-premises sales of cannabis would be prohibited, but non-cannabis food and beverages and hemp-derived CBD products could be sold on site. Supporters must collect approximately 120,000 signatures by July 2, 2026, to qualify for the November 2026 ballot.

HEMP LITIGATION

Texas: On September 10, Gov. Greg Abbott issued an [executive order](#) directing the Department of State Health Services and the state Alcoholic Beverage Commission to regulate hemp products and impose an age gate on sales. Additionally, Abbott directed state agencies to study the potential implementation of [HB 309](#), which would incorporate hemp beverages into the existing alcohol supply chain and limit product potency. Under Bill 309, beverages would be limited to 0.5 mg of total THC per fluid ounce, edibles would be limited to 2.5 mg of total THC per serving, and both would require at least 15 mg non-THC hemp-derived cannabinoid for every 1 mg of THC.

Maryland: The Appellate Court of Maryland [upheld](#) the state's authority to require cannabis licenses for businesses selling hemp products containing more than 0.5 mg total THC per serving and 2.5 mg THC per package. The decision reverses a September 2023 Washington County circuit court injunction that blocked the licensing requirement as an unlawful monopoly. The appellate court determined that licensing requirements for certain hemp products serve legitimate public health purposes, and that selling "hemp-derived psychoactive products" is not a fundamental commercial right.

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