

the buzz:

Cannabis News & Policy Update

June 2025 Edition

FEDERAL UPDATES

Proposed Federal Hemp Definition: On June 4, a U.S. House Appropriations subcommittee approved a [FY 2026 agricultural spending bill](#) (see page 113) including a new federal definition of hemp that would ban most hemp products with THC. The Appropriation Committee's press release described the provision as "closing the hemp loophole that has resulted in the proliferation of unregulated intoxicating hemp products, including Delta-8 and hemp flower, being sold online and in gas stations across the country."

In addition to facing opposition from hemp companies, and some stakeholders in the broader cannabis industry, the new definition is notably receiving pushback from the alcohol industry. Powerful groups like the [Wine and Spirits Wholesalers of America](#) are rallying against the definition change, which could complicate the proposal's path in Congress.

Rohrabacher-Farr Amendment: President Donald Trump's [FY 2026 budget](#) proposal omits the longstanding appropriations rider prohibiting the Department of Justice from using funds to interfere with state medical marijuana programs. While Congress ignored a similar request from Trump during his first term, his administration is more aggressively seeking to expand its authority—and remove roadblocks to doing so—in his second term. This action has raised questions about the administration's likelihood to advance rescheduling cannabis and banking reform.

Rescheduling: In a [report](#) attached to the major FY2026 agricultural spending bill, the U.S. House Appropriations Committee directed the Health and Human Services Inspector General to review and complete a report on the Biden administration's 2023 cannabis rescheduling recommendation. The Republican-led committee expressed concern about "deviations from established drug scheduling evaluation standards," echoing language used by a national anti-cannabis organization opposing rescheduling. This is yet another sign the Trump administration may not support rescheduling.

Recent Cases of Note:

- **Canna Provisions:** On May 27, the U.S. Court of Appeals for the First Circuit [upheld](#) a lower court's ruling against Canna Provisions, which challenged the federal government's authority to enforce federal cannabis prohibition. Citing the precedent established by the U.S. Supreme Court in the 2005 [Gonzales v. Raich](#) decision, the First Circuit ruled that enforcement of the federal Controlled Substances Act against state-legal cannabis activity is valid because commercial cultivation, manufacturing, and distribution confined to a state can have a substantial impact on interstate commerce. Read more about the *Canna Provisions* case [here](#).
- **In other litigation,** the U.S. District Court for the Western District of Washington's decision in *Est. of Solstice Group, Inc. et. al. v. U.S.*, prohibiting cannabis companies from claiming Covid-Era Employee Retention Credits (ERC) is notable for the court's interpretation of IRC § 280E. In rejecting the taxpayer's refund claim for employment taxes the court accepted the government's argument that "nothing in the plain text of Section § 280E language limits its application to income tax credits," so ERC tax credits are not available to cannabis business. The significance of this case may be limited to the Ninth Circuit as other common law in circuits may give courts more discretion in legislative interpretation. Read more about the Solstice Group Inc. case [here](#).

NEW MARKETS & LICENSING OPPORTUNITIES

Minnesota:

- **Tribal Compact:** Adult-use sales started through a tribal retail store on May 23, two years after legalization. Gov. Tim Walz signed a [tribal compact](#) with the White Earth Nation, authorizing it to open eight cannabis retail locations off tribal land, making Minnesota the first state to formally authorize off-reservation cannabis sales governed by tribal rules.

- **Licensing:** On June 5, the Minnesota Office of Cannabis Management **awarded** 249 adult-use cannabis licenses through a lottery, including 75 social equity retailers and 100 vertically-integrated mezzobusinesses. License winners have 18 months to begin operations.

North Carolina: On June 4, Gov. Josh Stein signed an **executive order** to form a bipartisan commission exploring regulatory models for adult-use marijuana and hemp. North Carolina is one of fewer than a dozen states without a comprehensive medical cannabis program.

Washington: The state Liquor and Cannabis Board is **accepting** applications for 69 social equity retail licenses through July 1.

STATE POLICY UPDATES

California: On June 2, the state Assembly unanimously approved a **bill** to halt an impending increase to the cannabis excise tax. It is now awaiting action in the Senate. Absent immediate legislative action, the tax will increase from 15% to 19% on July 1, which is **projected** to reduce pre-tax sales by another 6%, further eroding the legal market. California's taxable cannabis sales in the first quarter of 2025 were \$1.088 billion, down 11% year over year and the lowest since 2020.

Massachusetts: On June 4, the state House passed a **cannabis reform bill** that would overhaul the Cannabis Control Commission (CCC), expand the ownership cap for retail licenses, and regulate hemp products, notably beverages. It would be the most consequential cannabis legislation in Massachusetts since legalization. At the center of the proposal is a complete restructuring of the CCC, removing its independent status and eliminating all but one of the full-time commissioner positions.

Texas: Two critical cannabis bills are awaiting action from Gov. Greg Abbott. He has until June 22 to act (sign or veto), otherwise they automatically become law without his signature. Both bills could dramatically reshape the cannabis market in the nation's second-most populated state:

- **HB 46** significantly expands the medical cannabis program by increasing the number of available business licenses from three to 15, replacing the 1% potency cap in favor of a 10 mg THC limit, and adding chronic pain as a qualifying condition.
- **SB 3** bans hemp products with any detectable level of THC, which would decimate the state's large and generally unregulated hemp-derived product market.

Oregon: On May 20, a U.S. District Court **ruled** that Oregon's **Measure 119**, which required cannabis businesses to sign a labor peace agreement to obtain or renew a license, is preempted by federal labor law and violates the First Amendment. This is the first time a federal court has blocked a state LPA mandate, and the decision could have implications for the eight other states that require labor peace agreements as a condition for licensure, including California, New York, and Minnesota.

HEMP

Maryland: On June 2, a hemp trade association filed a **lawsuit** challenging **Chapter 58**, the law underpinning enforcement of the state's requirement that hemp products with more than 0.5 mg THC per serving or 2.5 mg THC per package be sold only by marijuana licensees. A Maryland state court previously issued a preliminary injunction against the requirement, which is pending appeal. The plaintiffs allege the new law is a "workaround" that effectively contradicts the court's decision and argue that the law's requirements are an equal protection violation because cannabis licenses are limited.

Alaska: On May 23, a federal judge **upheld** Alaska's 2023 regulations banning the sale of all hemp products with any detectable level of delta-9 THC. The ruling reinforces the ability of states to regulate hemp products more stringently than the 2018 Farm Bill if interstate commerce is not violated.

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