

Market Overview

April 29, 2026



Agenda

- *Market Overview*
- *Trends*
- *Federal Developments*
- *S.278 An act relating to cannabis*
- *S.323 An act relating to miscellaneous agricultural subjects*
- *Questions*

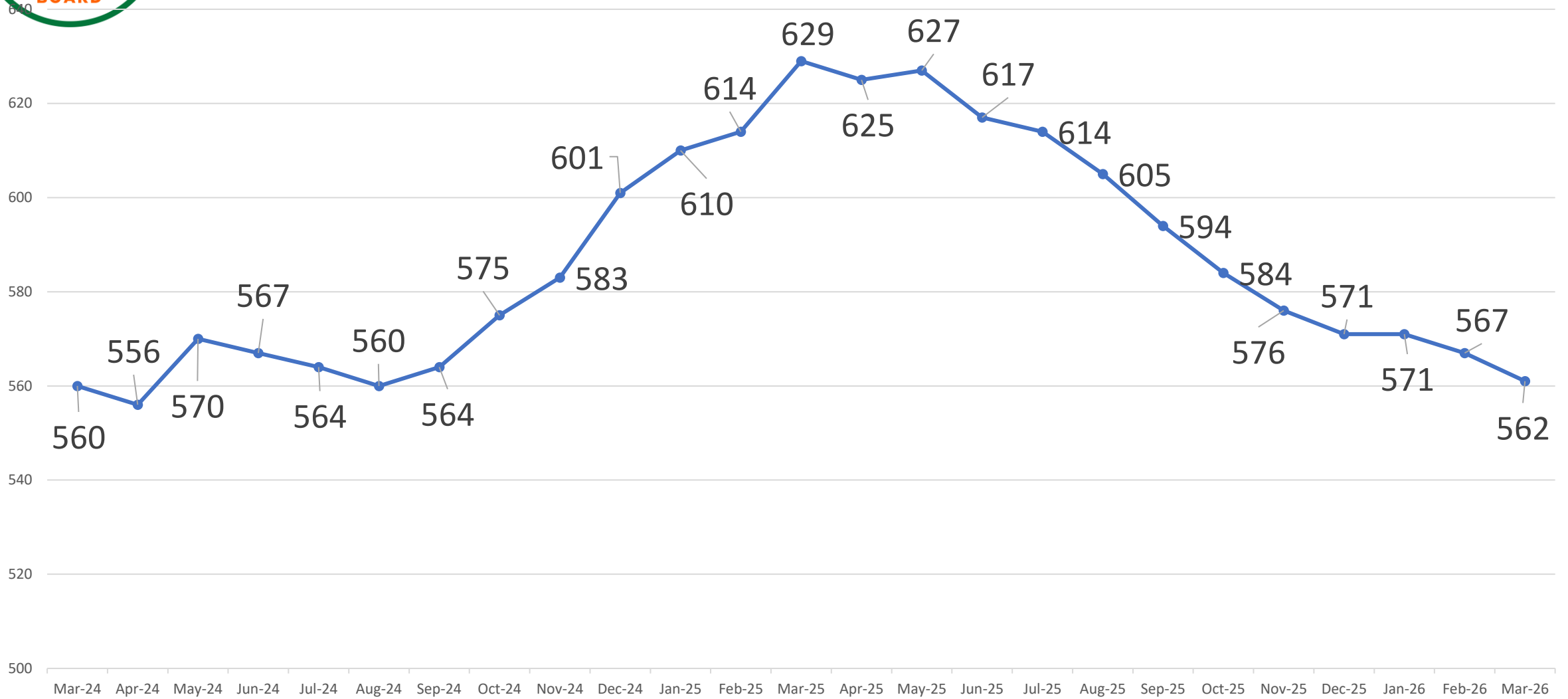
Market Overview





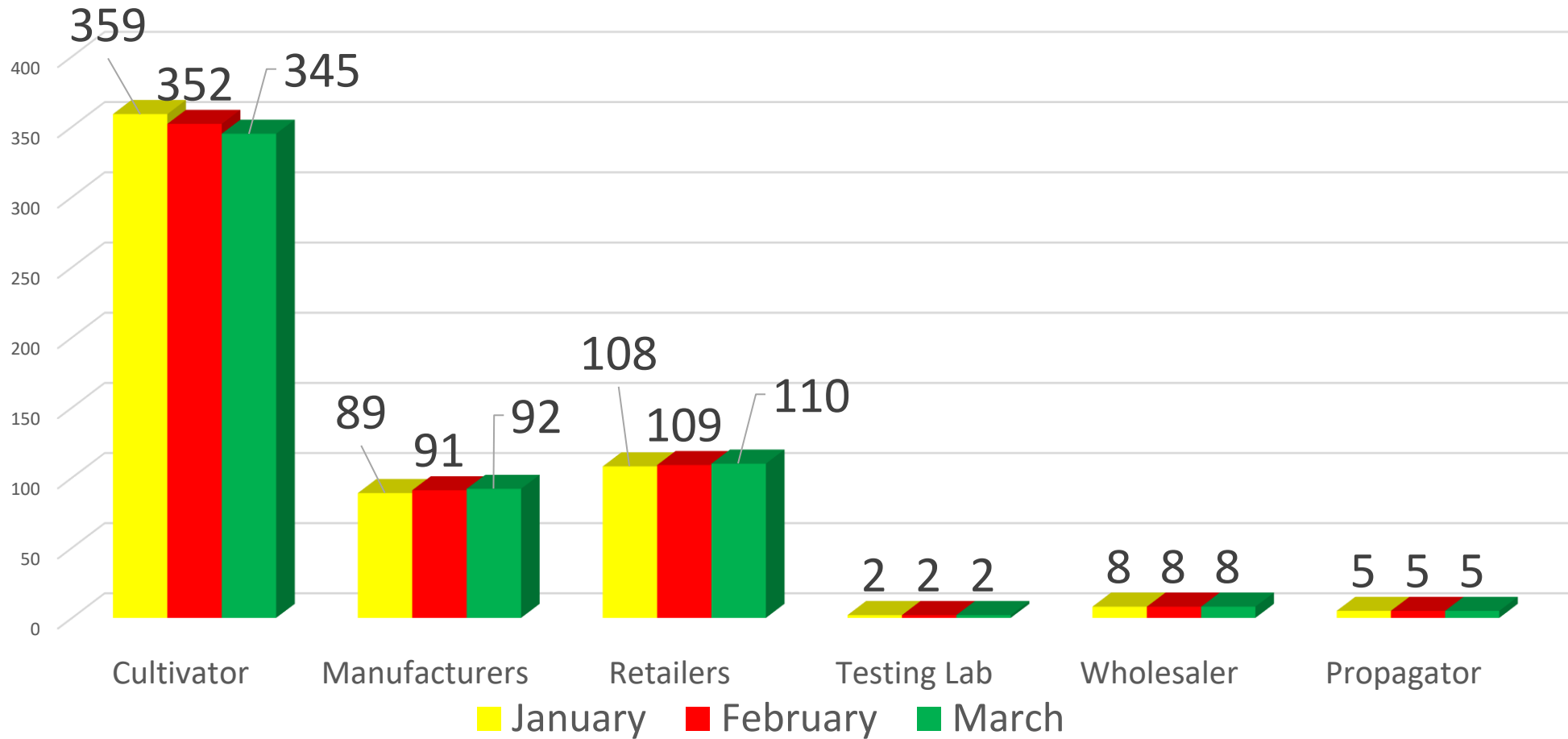
ACTIVE LICENSES

March 2025 – March 2026



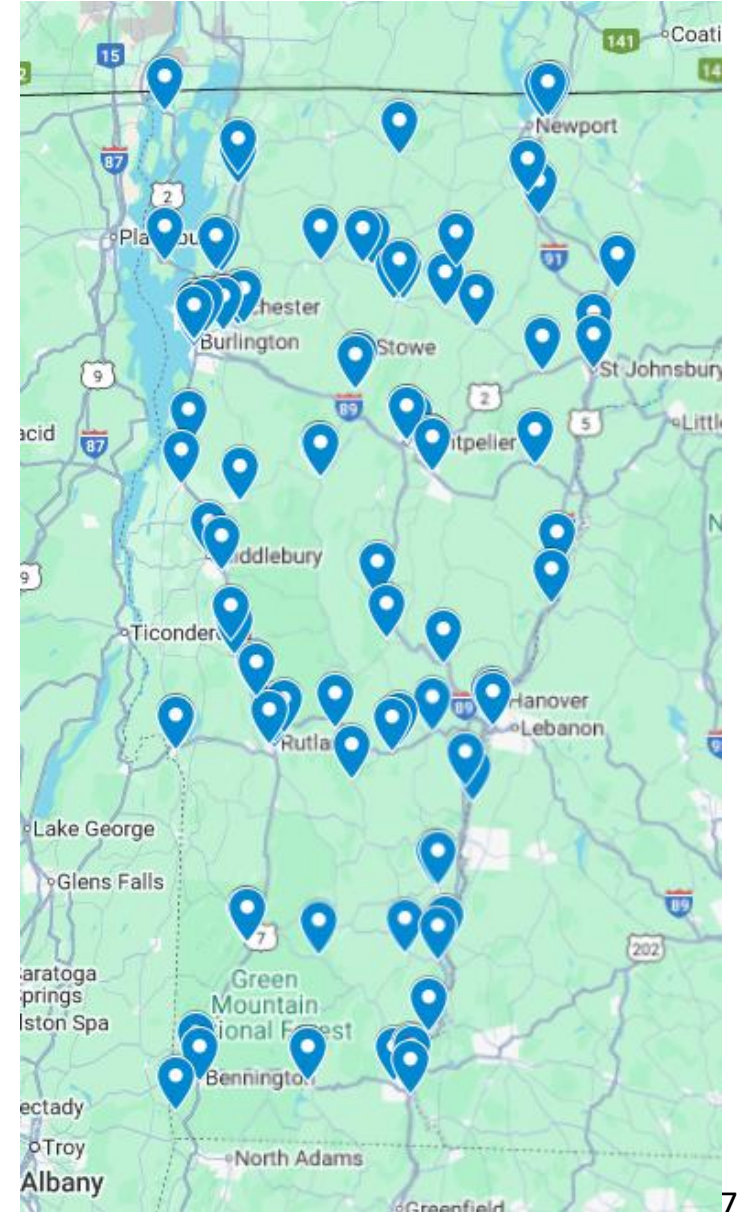
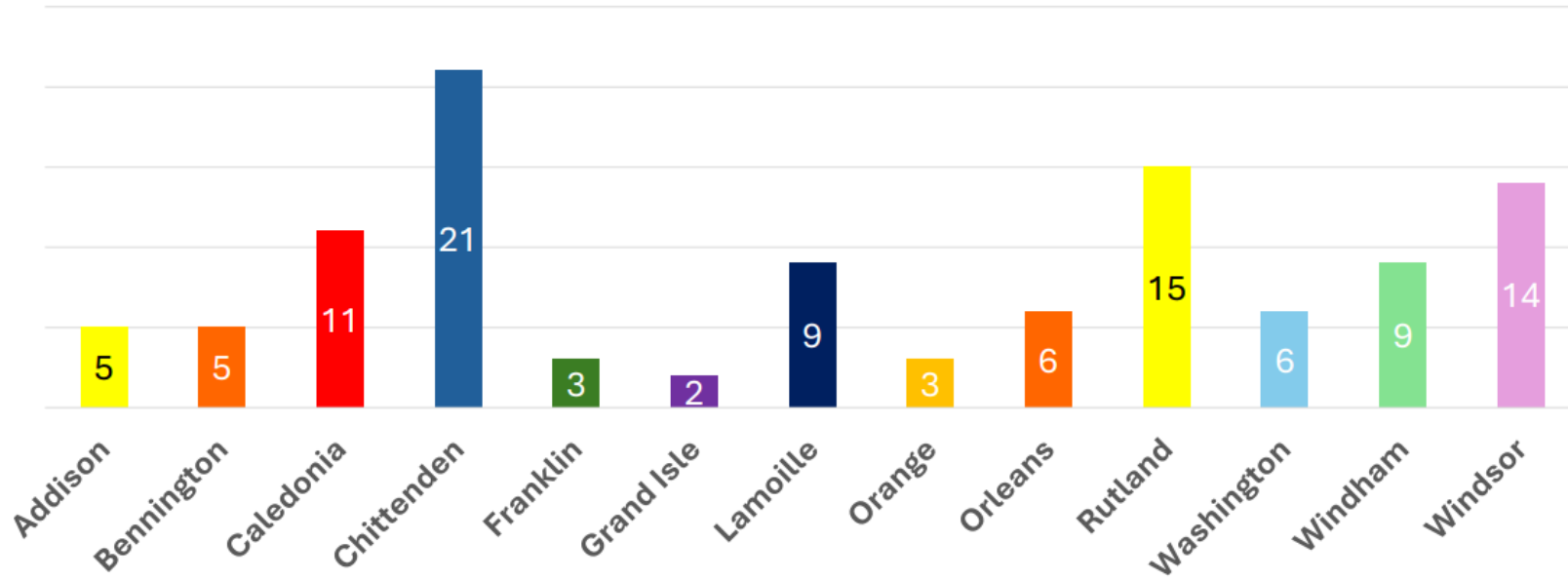


ACTIVE LICENSES





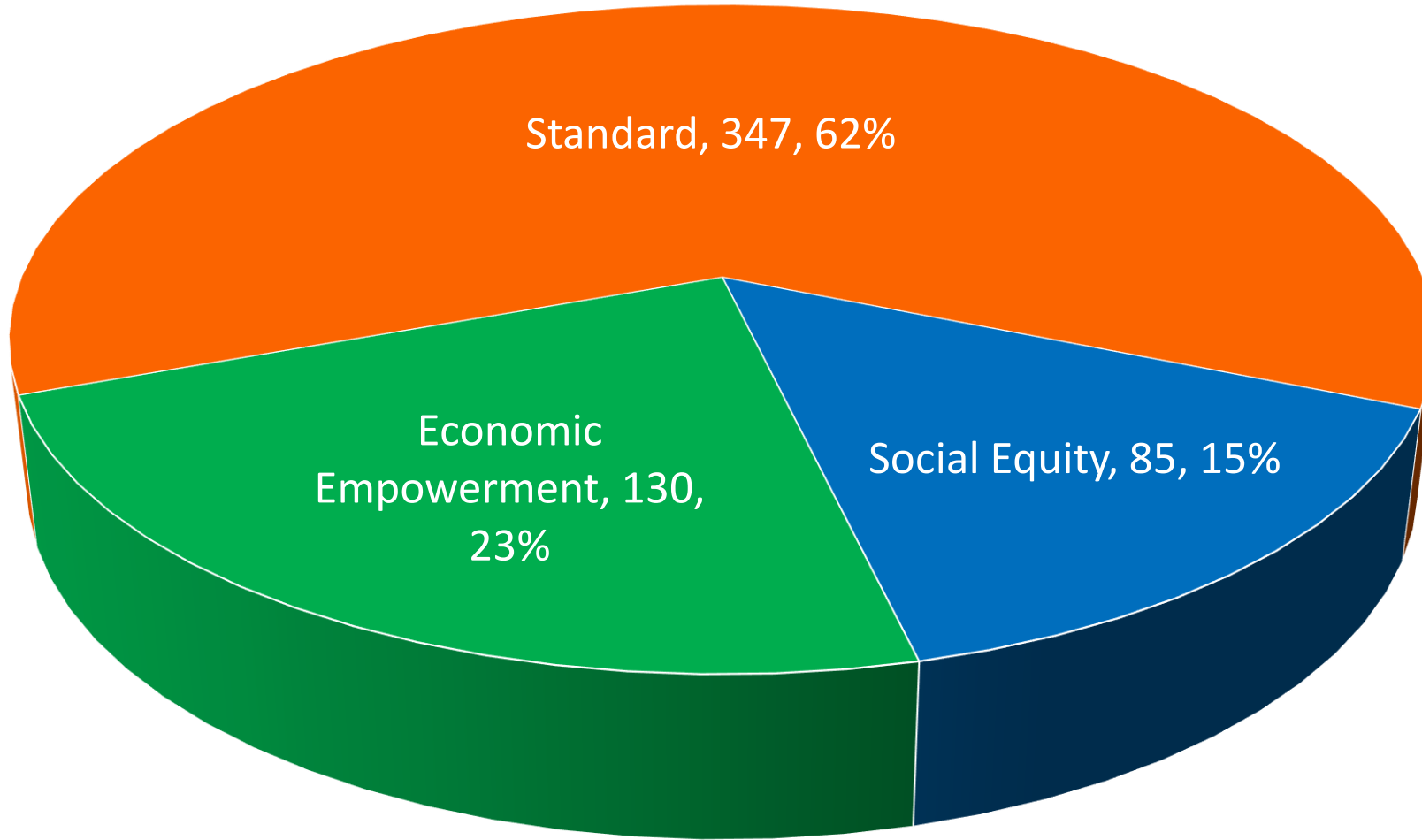
ADULT USE PROGRAM Retail Locations by County





ACTIVE LICENSES

Priority Status





Product Registrations

14.88
Average of Days to Register

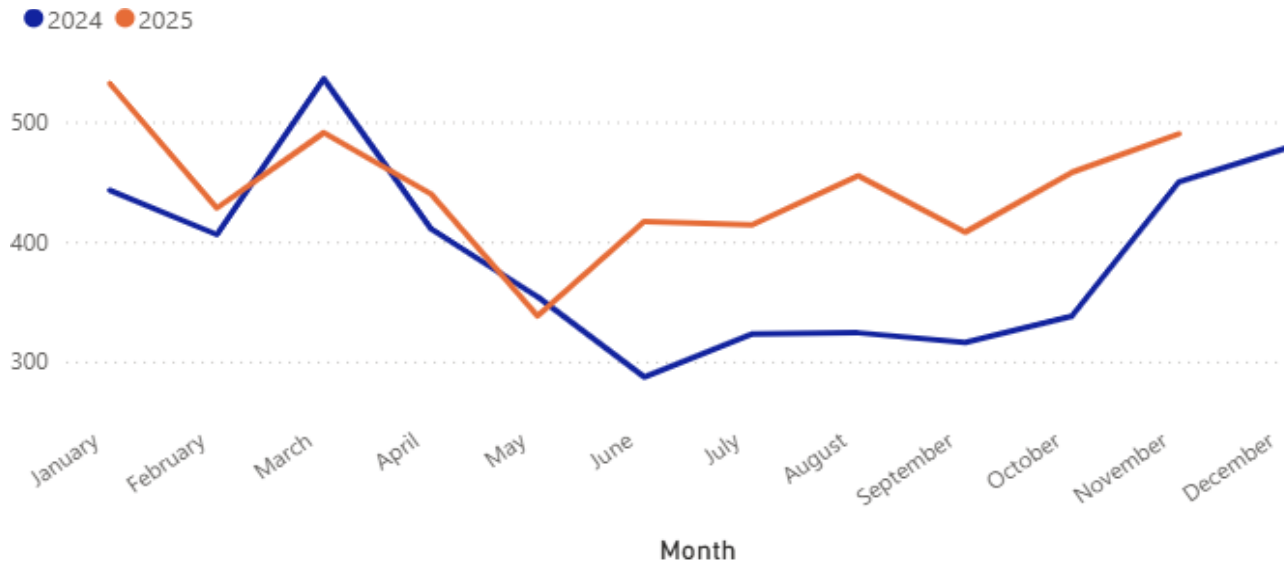
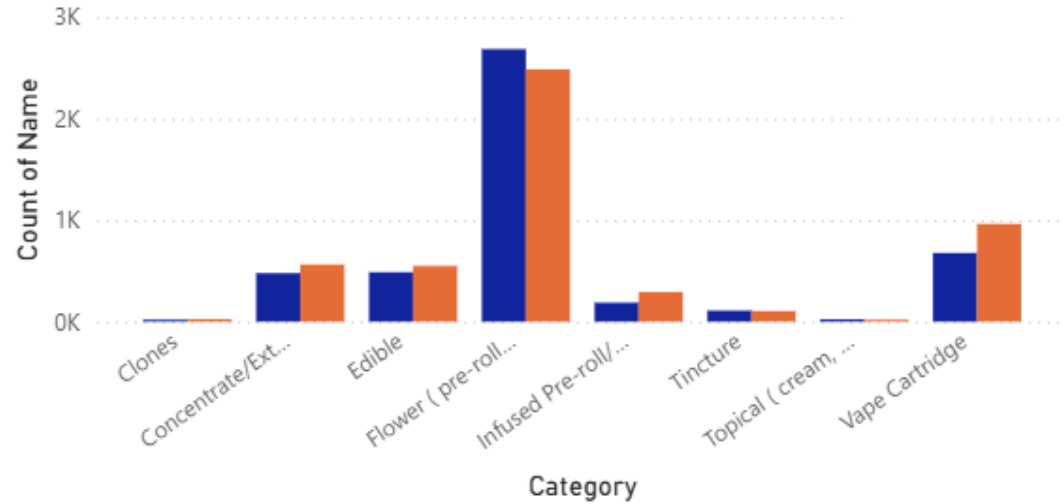
10.31
Without Incomplete

Month	2024	2025	Total
January	443	532	975
February	406	428	834
March	536	491	1027
April	411	440	851
May	354	338	692
June	287	417	704
July	323	414	737
August	324	455	779
September	316	408	724
October	338	458	796
November	450	490	940
December	478	133	611
Total	4666	5004	9670

Category	2024	2025	Total
Flower (pre-roll and flower)	2687	2488	5175
Vape Cartridge	677	964	1641
Concentrate/Extract	478	563	1041
Edible	487	550	1037
Infused Pre-roll/Flower	187	292	479
Tincture	109	105	214
Clones	18	25	43
Topical (cream, lotion, suppository, transdermal patch)	23	17	40
Total	4666	5004	9670

Status Changes Made

Year ● 2024 ● 2025





Sales by Product Type

(June 2023 – October 2025)

Cumulative Sales by Product Type

Product Category	Cumulative Sales
Concentrate/Extract	\$15,200,911
Edible	\$32,065,470
Flower (pre-roll & flower)	\$165,851,921
Infused Pre-roll/Flower	\$5,583,821
Non-Edible	\$5,926,144
Others	\$2,017,641
Plant Material	\$211,949
Vape Cartridge	\$35,203,861

Table 2. Average Monthly Cannabis Expenditures by Patient Status and Product Category

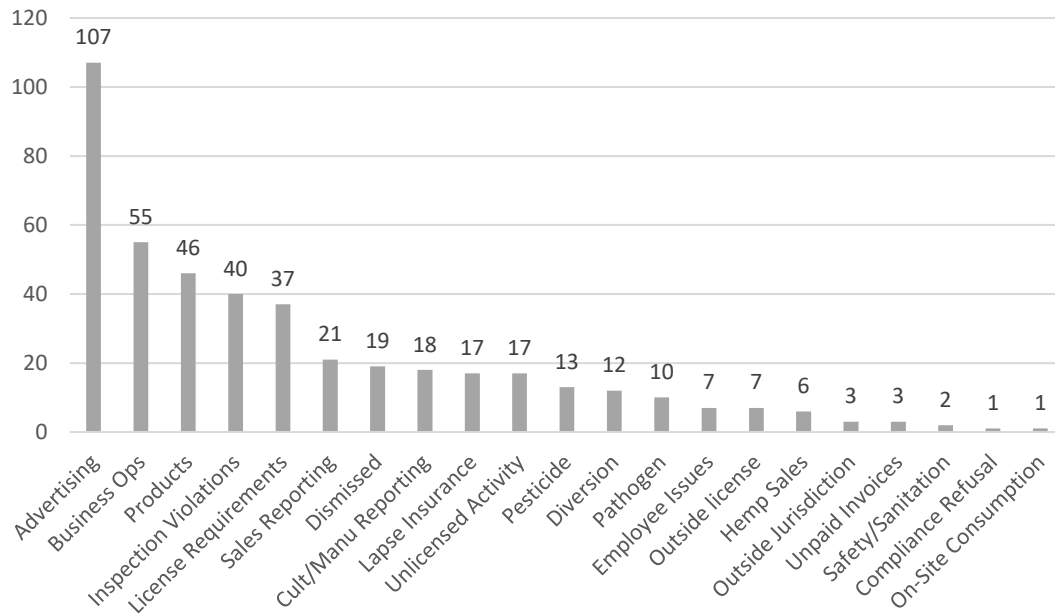
Product Category	Non-Patient	Patient
Total Spending	\$187.38	\$251.73
Adult-Use/Medical Dispensary	\$128.56	\$169.78
Flower	\$78.35	\$80.00
Pre-Rolls	\$22.93	\$23.55
Edibles	\$30.25	\$34.45
Beverages	\$3.91	\$0.36
Concentrates	\$12.00	\$54.79
Vapes	\$38.88	\$58.58
Tinctures	\$0.36	—
Topicals	\$0.71	—
Capsules	—	—



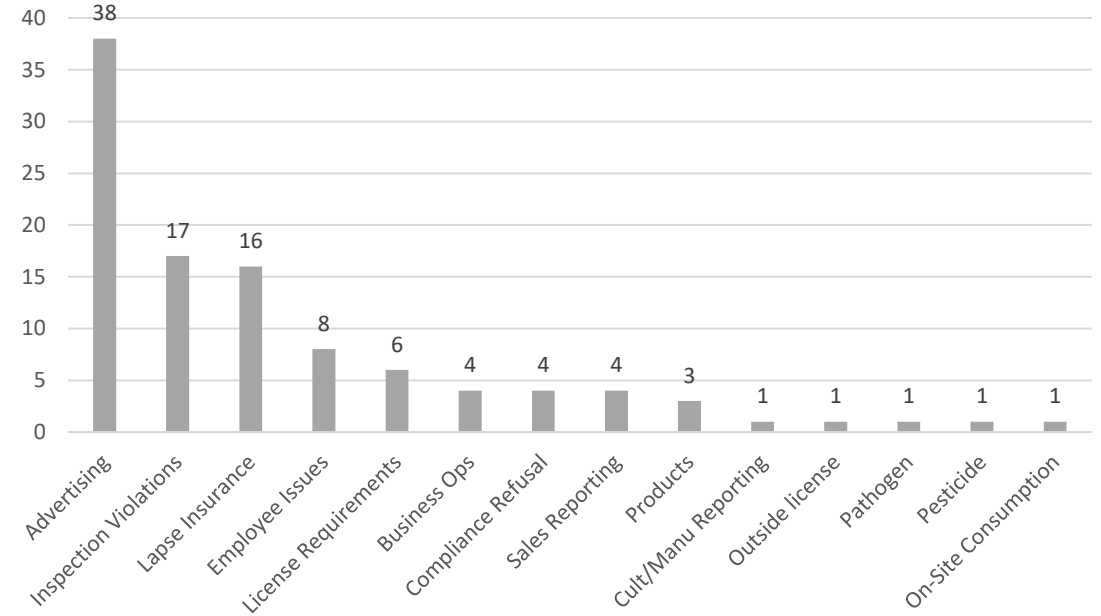
Compliance and Enforcement Data

Complaints and Warnings

2025 Complaints (442)



2025 Letters of Warning (105)



Market Overview

7 V.S.A. § 951

(8) “Qualifying medical condition” means:

(A) cancer, multiple sclerosis, positive status for human immunodeficiency virus, acquired immune deficiency syndrome, glaucoma, Crohn’s disease, Parkinson’s disease, post-traumatic stress disorder, ulcerative colitis, or the treatment of these conditions, if the disease or the treatment results in severe, persistent, and intractable symptoms; or

(B) a disease or medical condition or its treatment that is chronic, debilitating, and produces one or more of the following intractable symptoms: cachexia or wasting syndrome, chronic pain, severe nausea, or seizures.

Benefits of Medical Cannabis Registry

- Privacy / confidentiality
- Access to specialty products
 - Custom formulations; high potency products; any product approved by CCB
- Access to specialty services
 - Personalized consultation / education, reservations, delivery, curbside pickup, caregivers
- Access for qualifying minors
- Increased possession and home cultivation allowances
- Tax free purchases

Trends



32 V.S.A § 7902. Cannabis excise tax

(a) There is imposed a **cannabis excise tax equal to 14 percent of the sales price** of each retail sale in this State of cannabis and cannabis products, including food or beverages.

32 V.S.A. § 7910. Cannabis sales tax revenue

Notwithstanding 16 V.S.A. § 4025, revenue from the **sales and use tax** imposed by chapter 233 of this title on retail sales of cannabis or cannabis products in Vermont shall be deposited into the **Universal Afterschool and Summer Special Fund** established pursuant to 16 V.S.A. § 51.

18 V.S.A. § 4812. Substance Misuse Prevention Special Fund

(b) **Thirty percent of the revenues raised by the cannabis excise tax** imposed pursuant to 32 V.S.A. § 7902, not to exceed \$10,000,000.00 per fiscal year, shall be deposited into this fund for **substance misuse prevention** costs.

**TABLE 1A - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
SOURCE GENERAL FUND REVENUE FORECAST UPDATE**
Consensus JFO and Administration Forecast - January 2023

<i>SOURCE G-FUND</i> <i>revenues are prior to all E-Fund allocations and other out-transfers; used for analytic and comparative purposes only</i>	FY 2019 <i>(Actual)</i>	% Change	FY2020 <i>(Actual)</i>	% Change	FY2021 <i>(Actual)</i>	% Change	FY2022 <i>(Actual)</i>	% Change	FY2023 <i>(Forecast)</i>	% Change	FY2024 <i>(Forecast)</i>	% Change	FY2025 <i>(Forecast)</i>	% Change
REVENUE SOURCE														
Personal Income	\$875.4	5.2%	\$925.8	5.8%	\$1069.8	15.5%	\$1267.8	18.5%	\$1262.6	-0.4%	\$1137.5	-9.9%	\$1189.2	4.5%
Sales and Use ¹	\$412.5	3.7%	\$432.5	4.8%	\$507.6	17.4%	\$545.2	7.4%	\$589.3	8.1%	\$576.0	-2.3%	\$588.7	2.2%
Corporate	\$134.2	39.3%	\$147.9	10.2%	\$133.4	-9.8%	\$223.3	67.3%	\$221.4	-0.8%	\$181.3	-18.1%	\$176.9	-2.4%
Meals and Rooms ²	\$182.1	5.1%	\$163.6	-10.1%	\$143.8	-12.1%	\$216.8	50.8%	\$232.2	7.1%	\$235.5	1.4%	\$242.6	3.0%
Liquor	\$21.4	8.1%	\$21.6	0.8%	\$28.7	32.8%	\$30.1	5.0%	\$31.8	5.4%	\$33.0	3.8%	\$34.2	3.6%
Insurance	\$56.9	-1.2%	\$58.0	2.1%	\$60.4	4.0%	\$65.7	8.7%	\$67.7	3.1%	\$68.7	1.5%	\$70.2	2.2%
Telephone	\$4.3	-8.8%	\$3.2	-26.4%	\$2.3	-28.8%	\$2.5	10.9%	\$2.4	-4.6%	\$2.3	-4.2%	\$2.2	-4.3%
Beverage	\$7.6	6.9%	\$7.2	-5.3%	\$7.2	1.3%	\$7.0	-2.9%	\$7.3	3.7%	\$7.4	1.4%	\$7.5	1.4%
Estate	\$12.6	-44.9%	\$15.2	20.1%	\$26.9	77.5%	\$14.0	-48.0%	\$16.4	17.2%	\$20.8	26.8%	\$23.6	13.5%
Property	\$41.1	0.6%	\$42.3	2.9%	\$73.9	74.8%	\$77.7	5.1%	\$68.4	-11.9%	\$62.4	-8.8%	\$61.5	-1.4%
Bank	\$12.5	-4.6%	\$12.1	-3.0%	\$13.9	14.6%	\$16.9	22.1%	\$18.4	8.6%	\$19.3	4.9%	\$19.9	3.1%
Cannabis Excise	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$4.7	NM	\$9.9	112.7%	\$14.4	45.2%
Other Tax	\$2.4	32.9%	\$0.4	-84.7%	\$0.7	74.6%	\$1.3	91.3%	\$1.2	-4.2%	\$1.0	-16.7%	\$1.1	10.0%
Total Tax Revenue	\$1763.0	5.7%	\$1829.7	3.8%	\$2068.5	13.1%	\$2468.2	19.3%	\$2523.7	2.2%	\$2355.1	-6.7%	\$2432.0	3.3%
Business Licenses	\$1.2	-1.0%	\$1.1	-4.5%	\$1.3	13.9%	\$1.2	-4.4%	\$1.3	4.4%	\$1.33	2.3%	\$1.36	2.3%
Fees	\$47.0	-0.2%	\$44.7	-4.7%	\$42.7	-4.5%	\$42.2	-1.3%	\$43.0	1.9%	\$43.7	1.6%	\$43.6	-0.2%
Services	\$3.4	16.4%	\$2.4	-27.1%	\$3.0	24.3%	\$2.8	-7.7%	\$3.3	17.5%	\$3.1	-6.1%	\$3.2	3.2%
Fines	\$3.3	-5.6%	\$4.8	44.3%	\$3.1	-35.6%	\$3.3	7.5%	\$3.4	1.6%	\$3.5	2.9%	\$3.6	2.9%
Interest	\$5.0	79.1%	\$4.1	-18.0%	\$0.9	-77.9%	\$2.6	185.2%	\$20.6	696.9%	\$18.2	-11.7%	\$14.1	-22.5%
Special Assessments	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM
Lottery	\$29.5	8.6%	\$26.8	-9.0%	\$32.5	21.2%	\$30.8	-5.2%	\$31.1	1.0%	\$32.1	3.2%	\$33.1	3.1%
All Other ³	\$4.6	92.7%	\$0.7	-83.6%	\$0.5	-34.4%	\$1.0	96.4%	\$0.8	-16.9%	\$0.8	0.0%	\$0.9	12.5%
Total Other Revenue	\$93.9	7.9%	\$84.8	-9.7%	\$84.1	-0.8%	\$83.9	-0.2%	\$103.5	23.3%	\$102.7	-0.7%	\$99.9	-2.8%
Healthcare Revenue⁴	\$276.3	0.2%	\$284.7	3.0%	\$281.0	-1.3%	\$303.5	8.0%	\$326.3	7.5%	\$334.0	2.4%	\$341.6	2.3%
TOTAL GENERAL FUND	\$2133.2	5.1%	\$2199.2	3.1%	\$2433.6	10.7%	\$2855.6	17.3%	\$2953.6	3.4%	\$2791.9	-5.5%	\$2873.4	2.9%

Excise Tax Forecast
Jan. 2023

FY23 – 4.7M

FY24 – 9.9M

FY25 – 14.4M

**TABLE 1A - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
SOURCE GENERAL FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - January 2026**

SOURCE G-FUND

revenues are prior to all E-Fund allocations and other out-transfers; used for analytic and comparative purposes only

	FY2022	%	FY2023	%	FY2024	%	FY2025	%	FY2026	%	FY2027	%	FY2028	%
	(Actual)	Change	(Actual)	Change	(Actual)	Change	(Preliminary)	Change	(Forecast)	Change	(Forecast)	Change	(Forecast)	Change
REVENUE SOURCE														
Personal Income	\$1267.8	18.5%	\$1210.0	-4.6%	\$1243.1	2.7%	\$1362.9	9.6%	\$1414.1	3.8%	\$1445.3	2.2%	\$1489.6	3.1%
Sales and Use ¹	\$545.2	7.4%	\$584.0	7.1%	\$595.2	1.9%	\$618.1	3.9%	\$634.5	2.7%	\$651.1	2.6%	\$669.2	2.8%
Corporate	\$223.3	67.3%	\$281.4	26.0%	\$238.8	-15.1%	\$272.6	14.2%	\$223.8	-17.9%	\$248.6	11.1%	\$261.8	5.3%
Meals and Rooms ²	\$216.8	50.8%	\$237.7	9.6%	\$246.2	3.5%	\$262.3	6.5%	\$269.0	2.6%	\$277.6	3.2%	\$287.3	3.5%
Liquor	\$30.1	5.0%	\$30.8	2.1%	\$30.2	-1.8%	\$29.7	-1.7%	\$30.0	1.0%	\$30.6	2.0%	\$31.2	2.0%
Insurance	\$65.7	8.7%	\$68.8	4.8%	\$75.6	9.8%	\$82.6	9.2%	\$86.4	4.7%	\$88.8	2.8%	\$92.1	3.7%
Telephone ³	\$2.5	10.9%	\$2.4	-5.7%	\$2.6	9.4%	\$3.3	26.3%	\$3.2	-2.4%	\$0.0	NM	\$0.0	NM
Beverage	\$7.0	-2.9%	\$7.3	3.1%	\$6.9	-4.4%	\$6.7	-3.7%	\$6.6	-1.3%	\$6.5	-1.5%	\$6.4	-1.5%
Estate	\$14.0	-48.0%	\$18.6	33.1%	\$23.9	28.2%	\$55.2	131.4%	\$32.7	-40.8%	\$34.0	4.0%	\$35.3	3.8%
Property	\$77.7	5.1%	\$69.2	-10.9%	\$62.4	-9.9%	\$77.2	23.7%	\$79.6	3.1%	\$82.0	3.0%	\$85.0	3.7%
Bank	\$16.9	22.1%	\$17.8	4.9%	\$16.6	-6.6%	\$13.4	-19.4%	\$13.4	0.2%	\$13.6	1.5%	\$13.9	2.2%
Cannabis Excise	\$0.0	NM	\$6.7	NM	\$17.4	158.5%	\$20.2	16.4%	\$22.6	11.8%	\$23.6	4.3%	\$24.3	3.2%
Other Tax	\$1.3	91.3%	\$1.4	11.7%	\$1.3	-9.5%	\$1.2	-8.1%	\$1.2	3.1%	\$1.3	8.3%	\$1.4	3.8%
Total Tax Revenue	\$2468.2	19.3%	\$2536.1	2.7%	\$2560.1	0.9%	\$2805.3	9.6%	\$2817.1	0.4%	\$2902.9	3.0%	\$2997.4	3.3%
Business Licenses	\$1.2	-4.4%	\$0.6	-54.5%	\$1.3	130.2%	\$1.3	-2.0%	\$1.3	1.7%	\$1.3	2.3%	\$1.4	2.3%
Fees	\$42.2	-1.3%	\$45.6	8.1%	\$44.3	-3.0%	\$49.6	12.2%	\$51.2	3.1%	\$52.2	2.0%	\$53.4	2.3%
Services	\$2.8	-7.7%	\$3.7	33.2%	\$4.1	10.0%	\$4.2	1.6%	\$4.2	0.5%	\$4.3	2.4%	\$4.4	2.3%
Fines	\$3.3	7.5%	\$2.6	-21.1%	\$2.5	-6.8%	\$4.0	61.3%	\$3.0	-24.4%	\$3.1	3.3%	\$3.2	3.2%
Interest	\$2.6	185.2%	\$56.9	2102%	\$93.0	63.4%	\$60.8	-34.7%	\$42.4	-30.2%	\$28.6	-32.5%	\$27.8	-2.8%
Lottery	\$30.8	-5.2%	\$32.1	4.3%	\$36.0	12.1%	\$30.6	-14.9%	\$32.0	4.5%	\$33.4	4.4%	\$34.7	3.9%
All Other ⁴	\$1.0	96.4%	\$1.5	58.7%	\$0.6	-60.1%	\$2.9	371.5%	\$1.2	-58.3%	\$1.3	8.3%	\$1.4	7.7%
Total Other Revenue	\$83.9	-0.2%	\$143.1	70.5%	\$181.7	27.0%	\$153.3	-15.6%	\$135.3	-11.8%	\$124.2	-8.2%	\$126.3	1.6%
Healthcare Revenue ⁵	\$303.5	8.0%	\$319.3	5.2%	\$333.0	4.3%	\$357.1	7.2%	\$367.4	2.9%	\$376.5	2.5%	\$371.7	-1.3%
TOTAL GENERAL FUND	\$2855.6	17.3%	\$2998.5	5.0%	\$3074.8	2.5%	\$3315.7	7.8%	\$3319.7	0.1%	\$3403.6	2.5%	\$3495.4	2.7%
CHILDCARE TAX REVENUE⁶	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$80.4	NM	\$88.6	10.2%	\$92.2	4.1%	\$95.4	3.5%

Excise Tax Actual
Jan. 2026

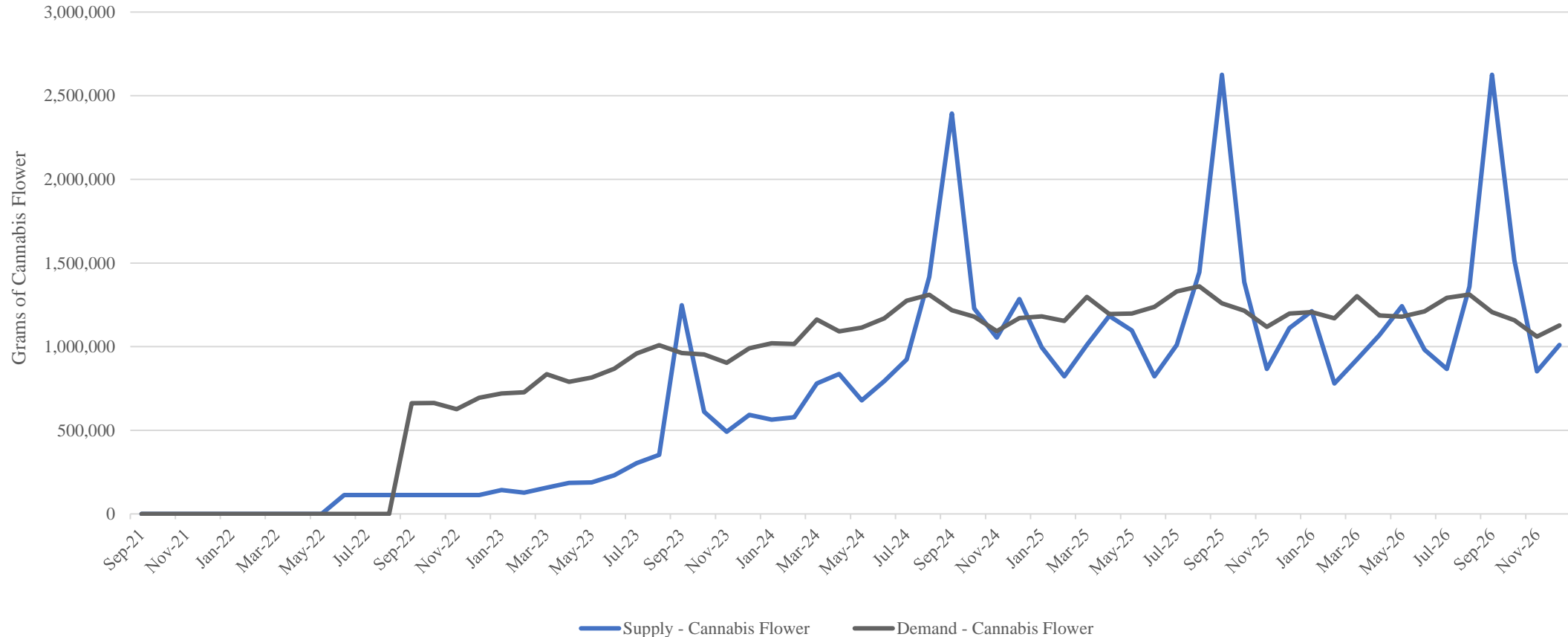
FY23 – 6.7M (+43%)
FY24 – 17.4M (+76.8%)
FY25 – 20.2M (+40%)

Forecast

FY26 – 22.6M
FY27 – 23.6M
FY28 – 24.3M

Seasonal Oversupply: Annual fall harvest leads to price compression and smaller margins, disproportionately impacting outdoor cultivators.

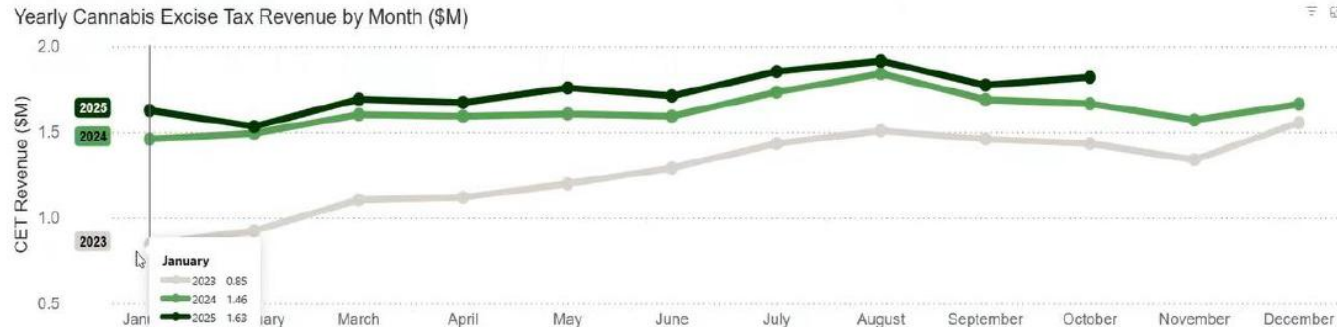
Supply and Demand for Cannabis Flower in Vermont
Total Supply from new Cultivators vs Medical and Adult-use Demand



Demand Volatility: A significant portion of demand for regulated cannabis is driven by non-residents (tourists, border consumers). Decreases in tourism or the implementation of adult-use programs in neighboring states immediately reduce demand for Vermont-grown cannabis.

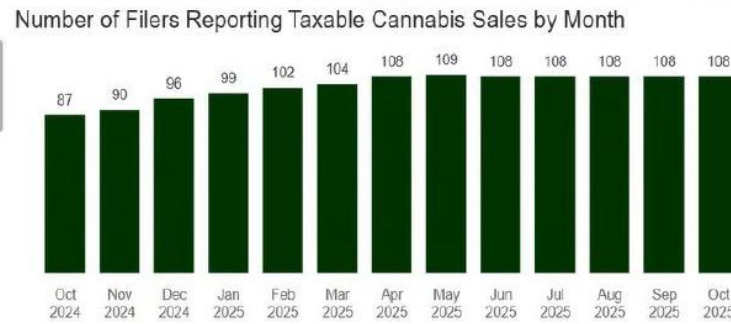


Vermont Cannabis Excise Tax (CET) Dashboard



Statewide Cannabis Excise Tax Data by Month

Filing Period	Filers	Taxable Sales (\$M)	Excise Tax (\$M)	Tax MoM Change
Oct 2025	108	12.99	1.82	2.6%
Sep 2025	108	12.67	1.77	-7.3%
Aug 2025	108	13.67	1.91	3.3%
Jul 2025	108	13.23	1.85	8.3%
Jun 2025	108	12.22	1.71	-2.7%
May 2025	109	12.55	1.76	5.1%
Apr 2025	108	11.94	1.67	-1.1%
Mar 2025	104	12.08	1.69	10.4%
Feb 2025	102	10.94	1.53	-5.8%
Jan 2025	99	11.61	1.63	-2.2%
Dec 2024	96	11.87	1.66	5.9%
Nov 2024	90	11.21	1.57	-5.7%



Last updated: 12/12/25
 Preliminary data will be available 45 days after the end of the filing period. Data are subject to change with subsequent updates. Periods with < 10 filers will not appear on the dashboard.
 See the [Vermont Cannabis Tax Guide \(www.tax.vermont.gov\)](http://www.tax.vermont.gov) for additional details on this tax type, including what sales are taxable.
 For information on licensed cannabis establishments in Vermont, please visit the [Cannabis Control Board's website \(www.ccb.vermont.gov/licenses\)](http://www.ccb.vermont.gov/licenses).

Illicit Market Competition: Regulated cannabis is in fierce competition with the illicit market and the intoxicating hemp-derived market. Both enjoy advantages in price and convenience, as they are not subject to regulatory oversight, potency caps, delivery bans, or excise taxes.

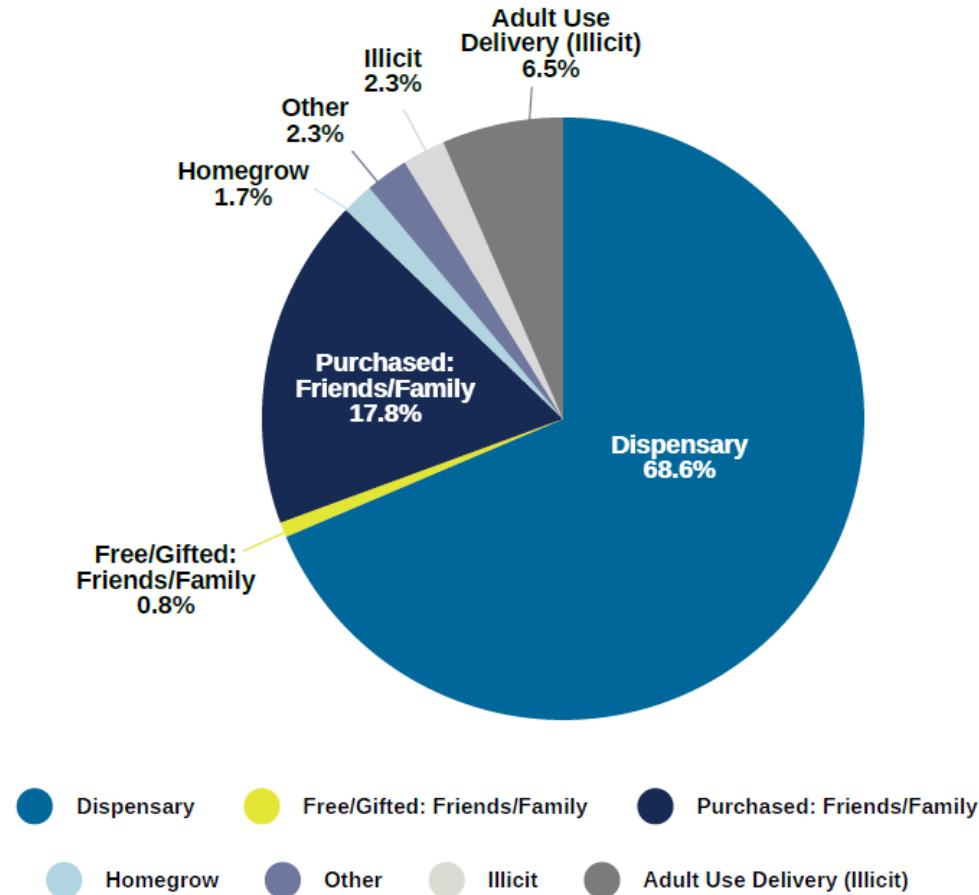
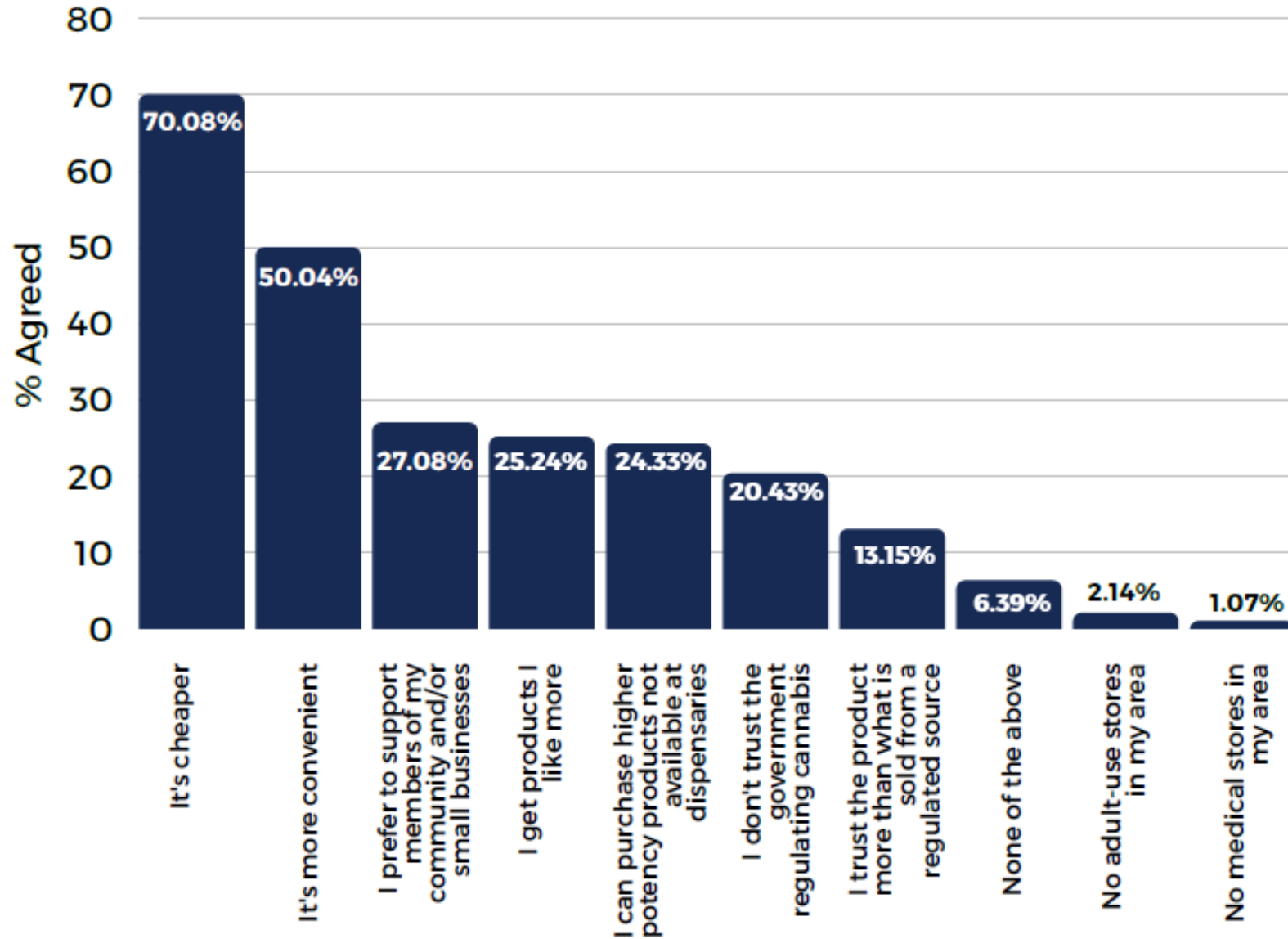


Figure 3. Reason(s) for Purchasing from the Unregulated Market



Hemp

Agricultural Improvement Act of 2018 (“2018 Farm Bill”)

7 USC 1639o

(1)Hemp.—The term “hemp” means the plant *Cannabis sativa* L. and any part of that plant, including the seeds thereof and *all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers*, whether growing or not, with a *delta-9 tetrahydrocannabinol* concentration of not more than *0.3 percent on a dry weight basis*.

“0.3% loophole”:

Applying the 0.3% concentration threshold to heavier products results in greater amounts of THC. For example, a 50-gram chocolate bar could have around 150 mg of THC and still be compliant with the 0.3% THC threshold.



“THCA loophole”:

The 0.3% threshold specifically applies to “delta-9 THC.” As written, it does not include delta-9 THCA (the precursor to THC) which readily converts into THC when smoked, heated, or combusted.

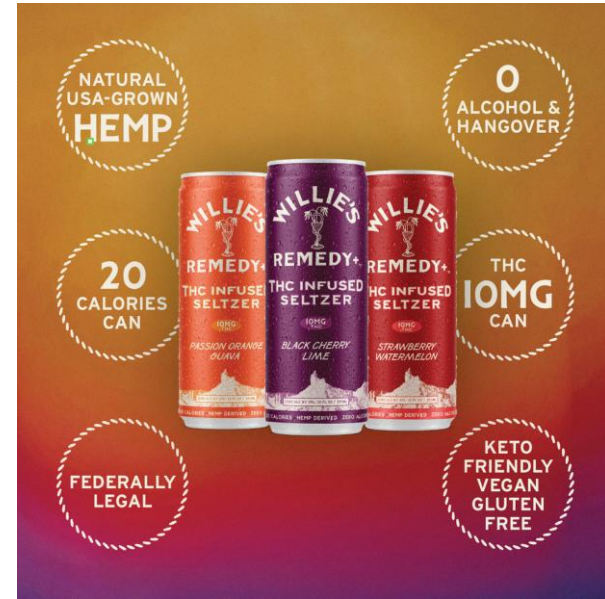


“Derivatives loophole”:

The definition of hemp also includes “all derivatives” of the cannabis plant. As a result, many hemp businesses are taking CBD (cannabidiol) derived from hemp and chemically converting it into intoxicating cannabinoid derivatives like delta-8 THC, THCO acetates, and HHC, none of which have been well-studied for human safety.



Trends



Trends



Structural Challenges (Federal Conflict)

- **Regulatory Compliance:** Product testing, seed-to-sale tracking, child-resistant, non-plastic packaging, and security requirements are among the many costs borne by cannabis businesses that do not apply to other small businesses.
- **Banking & Finance:** Most federally chartered banks and credit card processors avoid cannabis establishments, forcing reliance on high-interest loans or personal capital for start-up and operating expenses.
- **Insurance:** Businesses rely exclusively on unlicensed surplus line insurers, who generally charge higher premiums than admitted carriers.
- **Small Business Support:** Traditional state and federally funded small business assistance programs or economic development opportunities are generally unavailable to cannabis entrepreneurs.
- **IRS Code §280E:** This section of the tax code explicitly prohibits cannabis establishments from deducting normal business expenses (e.g., rent, payroll, utilities) from their federal tax returns.

IRS Code 280E

§280E. Expenditures in connection with the illegal sale of drugs

No deduction or credit shall be allowed for any amount paid or incurred during the taxable year in carrying on any trade or business if such trade or business (or the activities which comprise such trade or business) consists of trafficking in controlled substances (within the meaning of **schedule I and II of the Controlled Substances Act**) which is prohibited by Federal law or the law of any State in which such trade or business is conducted.

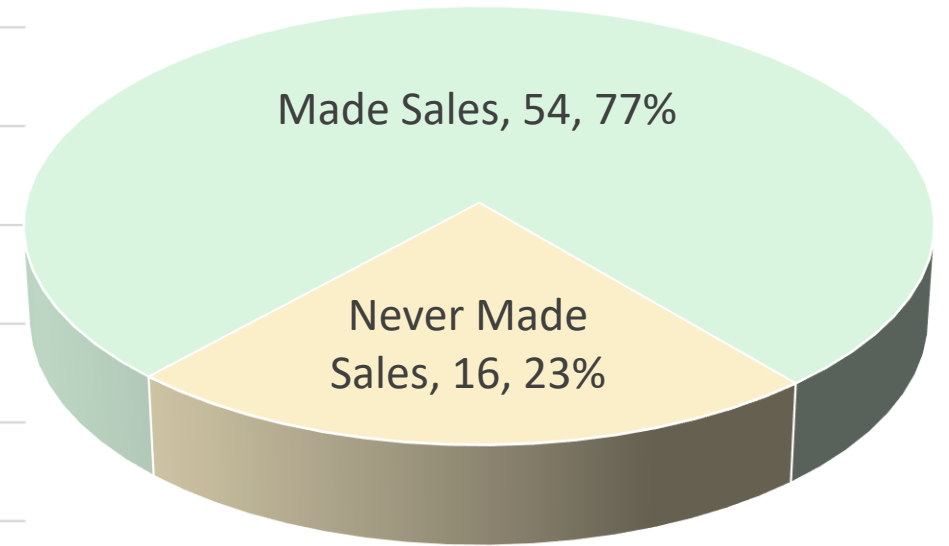
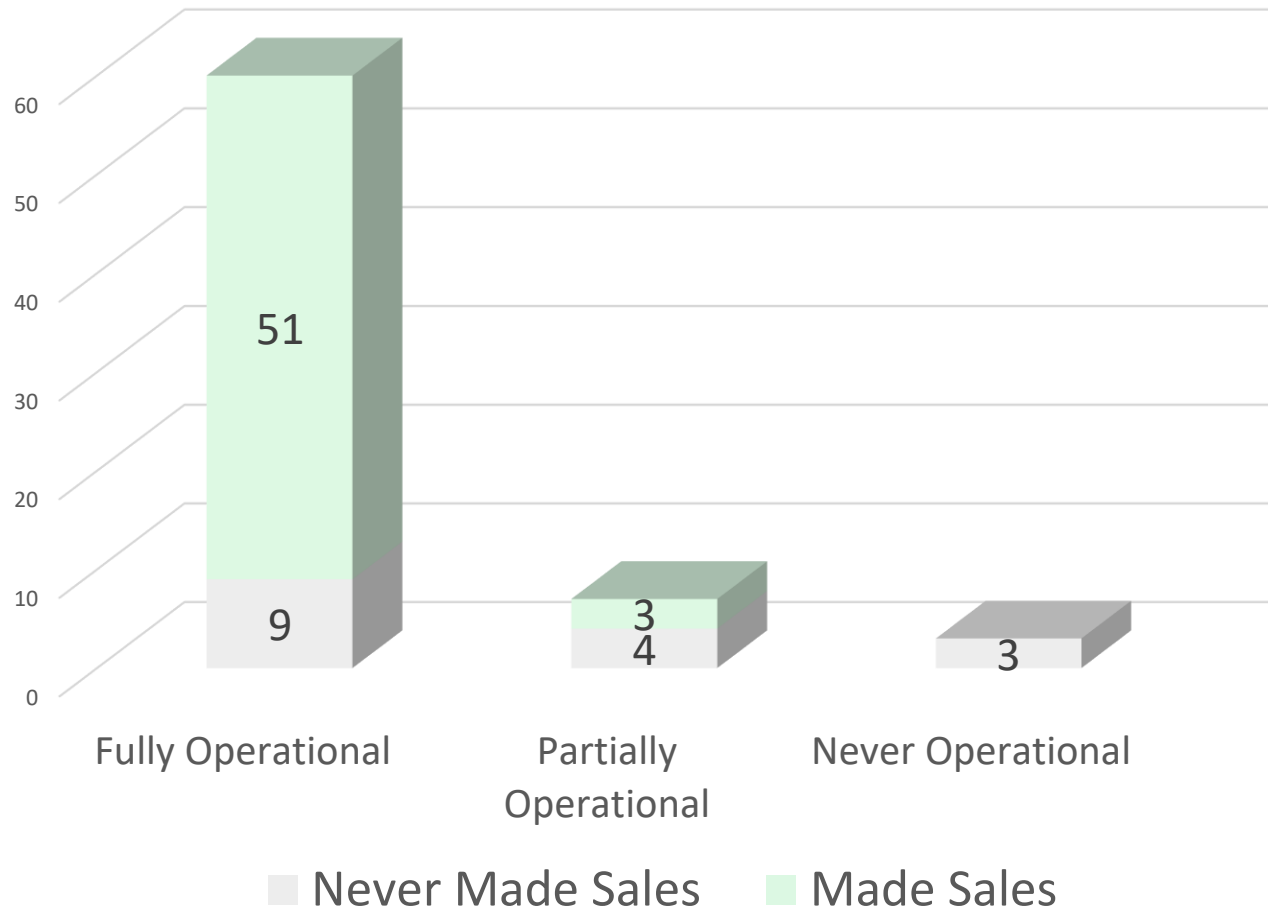
Added Pub. L. 97-248, title III, §351(a), Sept. 3, 1982, 96 Stat. 640

280E Scenario Comparison

Non-Cannabis Business *		Cannabis Business	
Revenue	\$2,000,000	Revenue	\$2,000,000
COGS	<u>\$600,000</u>	COGS	<u>\$600,000</u>
Gross Profit	\$1,400,000	Gross Profit	\$1,400,000
Expenses:		Expenses:	
Salaries / Other	\$650,000	Salaries / Other	\$650,000
Insurance / Rent	<u>\$550,000</u>	Insurance / Rent	<u>\$550,000</u>
Total Expense	\$1,200,000	Total Expense	\$1,200,000
Income (a)	\$200,000	Income (a)	\$200,000
Taxable Income	\$200,000	Taxable Income	\$1,400,000
Tax at 21% (b)	<u>\$42,000</u>	Tax at 21% (b)	<u>\$294,000</u>
Net Income (a - b)	\$158,000	Net Income (a - b)	-\$94,000



CULTIVATION RELINQUISHMENTS 2025 - 70 LICENSES



Federal Developments

Disclaimer

The laws and rules governing cannabis are changing rapidly. Nothing in this document constitutes legal or tax advice. State licensees should consult with a qualified legal professional or tax advisor licensed in your jurisdiction before making any business, financial, or legal decisions.

Rescheduling

INCREASING MEDICAL MARIJUANA AND CANNABIDIOL RESEARCH

December 18, 2025

Sec. 2. Rescheduling Medical Marijuana and Improving Access to Cannabidiol Products.

(a) The Attorney General shall take all necessary steps to complete the rulemaking process related to **rescheduling marijuana to Schedule III of the CSA** in the most expeditious manner in accordance with Federal law, including 21 U.S.C. 811.

Federal Developments

The Controlled Substances Act (CSA)

Schedule I: high potential for abuse with no currently accepted medical use in treatment in the United States.

Examples: heroin, lysergic acid diethylamide (LSD), marijuana (cannabis), 3,4-methylenedioxymethamphetamine (ecstasy), methaqualone, and peyote.

Schedule II: high potential for abuse, with use potentially leading to severe psychological or physical dependence.

Examples: combination products with less than 15 milligrams of hydrocodone per dosage unit (Vicodin), cocaine, methamphetamine, methadone, hydromorphone (Dilaudid), meperidine (Demerol), oxycodone (OxyContin), fentanyl, Dexedrine, Adderall, and Ritalin

Schedule III: moderate to low potential for physical and psychological dependence. Examples: products containing less than 90 milligrams of codeine per dosage unit (Tylenol with codeine), ketamine, anabolic steroids, testosterone

Schedule IV: low potential for abuse and low risk of dependence. Examples: Xanax, Soma, Darvon, Darvocet, Valium, Ativan, Talwin, Ambien, Tramadol

Schedule V: lower potential for abuse than Schedule IV and consist of preparations containing limited quantities of certain narcotics. Examples: cough preparations with less than 200 milligrams of codeine or per 100 milliliters (Robitussin AC), Lomotil, Motofen, Lyrica, Parepectolin

Rescheduling marijuana to Schedule III would:

- Remove the applicability of section 280E of the federal tax code, allowing marijuana businesses to deduct all standard business expenses in accordance with federal law, even if the Schedule III marijuana product is not a U.S. Food and Drug Administration (FDA) approved drug.
- Potentially make it easier to obtain and maintain a U.S. Drug Enforcement Administration (DEA) registration as a Schedule III research facility to research marijuana.

Rescheduling marijuana to Schedule III would not:

- **require cannabis products to be prescribed by a doctor and accessed through a pharmacy**

Because state-regulated cannabis products are not FDA-approved drugs, they do not meet current requirements as prescribed Schedule III drugs

- **permit interstate commerce of state regulated cannabis products**

Interstate commerce for Schedule III drugs requires approval from the FDA and necessary approvals and licenses under the controlled substances act as issued by the DEA

- **increase banking and financial access**

The illegal commerce and sale of a Schedule III substance still violates the Controlled Substances Act and current U.S. Banking Requirements. Thus, existing industry guidance under Financial Crimes Enforcement Network (FinCEN) of the U.S. Department of Treasury still applies and the status quo is maintained in terms of industry access to financial services

AG Order No. 6754–2026

Effective April 28, 2026

Schedule III:

- FDA-approved marijuana drugs (Marinol, Syndros, Epidiolex)
- Products subject to a state-issued license to manufacture, distribute, and/or dispense marijuana or products containing marijuana for medical purposes

Schedule I:

- Any form of marijuana other than in an FDA-approved drug product or marijuana subject to a state medical marijuana license

280E relief for DEA registered manufacturers, distributors, and/or dispensers of FDA-approved drug products containing marijuana and DEA registered state-licensed medical marijuana manufacturers, distributors, and/or dispensers

Federal Developments

FY2026 Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act

Total THC Limit: The 0.3% THC threshold now applies to the **total THC concentration**, which includes delta-9 THC, delta-8 THC, tetrahydrocannabinolic acid (THCA), and any other cannabinoids determined by the Secretary of Health and Human Services to have similar effects to THC.

Per Container Limit: Final consumer products are limited to a maximum of **0.4 milligrams of combined total THC per container**, a threshold that industry experts argue would eliminate approximately 99% of currently available products, including many non-intoxicating CBD items that contain trace amounts of THC.

Synthetic and Manufactured Cannabinoids: The law explicitly excludes cannabinoids that are synthesized or manufactured outside the *Cannabis sativa* plant, directly targeting products like delta-8 and delta-10 THC that grew in popularity under the 2018 Farm Bill framework.

Effective date: November 12, 2026

S.278 An act relating to cannabis

S.278 An act relating to cannabis

Sponsor(s): Senators Ram Hinsdale, Clarkson, Gulick, Vyhovsky, Westman, and White

Committee Vote: 5-0-0

Senate Floor: Voice vote in favor

Key provisions:

- Increases per package THC limit in cannabis products
- Increases purchase limits
- Establishes cannabis event pilot (\$250 to CRF; \$250 to host municipality)
- Establishes delivery pilot (\$100 annual fee)
- Reduces outdoor cultivation fees (contingent on sufficient funds in CBDF)
- Expands municipal authority over certain cannabis establishments
- Expands access to business support
- Authorizes Governor to negotiate/execute interstate commerce compacts
- Establishes tenant right to consume cannabis products in leased residence

S.278 An act relating to miscellaneous agricultural subjects

Sponsor(s): Senate Committee on Agriculture

Committee Vote: 5-0-0

Sections 22 – 25: Hemp

Key provisions:

- Shift oversight over hemp processors from VAAFMM to CCB
- Authorize rulemaking over licensing, testing, labeling, additives, process intermediaries, administrative penalties, etc.
- New fees:
 - (1) Producer: \$50.00.
 - (2) Processor: \$500.00.
 - (3) Product: \$75.00.
- CCB to define “craft processor” and waive/reduce regulations and fees for this class

Questions

