

HCS HB 593 -- INTOXICATING CANNABINOIDS

SPONSOR: Perkins

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Standing Committee on Crime and Public Safety by a vote of 12 to 5. Voted "Do Pass" by the Standing Committee on Rules-Administrative by a vote of 8 to 1.

The following is a summary of the House Committee Substitute for HB 593.

This bill establishes the "Intoxicating Cannabinoid Control Act".

The bill specifies that hemp, industrial hemp, hemp-derived consumable beverage products, and hemp-derived products that do not contain intoxicating cannabinoids will not be considered marijuana and will not be subject to the legal framework contained in the Missouri Constitution.

This bill specifies that any intoxicating cannabinoid, in any form and from any source, is subject to the regulations promulgated by the Department of Health and Senior Services under Article XIV of the Constitution and treated as marijuana under such regulations and sold only at dispensaries licensed by the Department.

No person or entity, aside from a comprehensive marijuana dispensary facility, medical marijuana dispensary facility, or microbusiness dispensary facility licensed under the provisions of the Constitution, will conduct business or carry on, under a name that contains as part of the name the word "dispensary" or any similar word.

This bill specifies that an excise tax of 2% on retail sales of hemp-derived consumable beverage products will be imposed for all tax years beginning on or after January 1, 2026. Revenue derived from this tax will fund veterans' programs, drug abuse prevention and education programs, and first responder programs.

The bill also establishes the "Hemp-Derived Consumable Beverage Products Act", the provisions of which will be enforced by the Division of Alcohol and Tobacco Control (ATC) under the Department of Public Safety. The first violation of the act will yield a penalty of \$250, and any second or subsequent violation will be a class D misdemeanor. This Act places restrictions on the purchase, use, and sale of hemp-derived consumable beverage products, including that a person is prohibited from knowingly selling or distributing a hemp-derived consumable beverage product to or purchasing on behalf of a person who is under 21 years old, or from

knowingly persuading, enticing, sending, or assisting a person who is under 21 years old to purchase or attempt to purchase, acquire, or receive a hemp-derived consumable beverage product. The bill prohibits a person under 21 years old from knowingly purchasing, possessing, or accepting a hemp-derived consumable beverage product or knowingly falsely representing his or her age or identity for the purpose of purchasing or receiving a hemp-derived consumable beverage product. A person is also prohibited from undertaking any task while impaired by the use of a hemp-derived consumable beverage product if doing so would constitute negligence or professional malpractice, a person is prohibited from operating, navigating, or being in physical control of a motor vehicle, aircraft, motorized watercraft, or any other vehicle while impaired by the use of hemp-derived consumable beverage products. Driving a motor vehicle on a public road while consuming one of these products or having an open container of one of these products while driving a motor vehicle on a public road constitutes an infraction and will be assessed four points on the driving record. The bill also establishes requirements and restrictions related to the labeling, marketing, and displaying of the products.

The bill specifies that any person who is in the business of hemp-derived consumable beverage products in this state must obtain a license from ATC. Any license granted to a retailer will be location specific; any license granted to a manufacturer or distributor will not be location specific. The bill lists the steps necessary to obtain and maintain a license for a retailer, distributor, and manufacturer, as well as the amount of time a license is valid and fees associated with license renewal.

If the sale of hemp-derived consumable beverage products becomes illegal under federal law, the sale of the products will be prohibited in this state, any license already issued in the state will be revoked, and ATC will not start, or will stop, issuing licenses under the Act.

The bill creates the "Hemp Business Fund", which will be a dedicated fund used for the administration of the Act. The bill also establishes a requirement that ATC create rules related to the licensure of hemp-derived consumable beverage products, as specified in the bill, and the Department of Health and Senior Services to create rules related to the testing of the products, prior to April 1, 2026. ATC is also authorized to regulate the advertising and promotion of these products. Testing of any hemp-derived consumable beverage products must be conducted on the product in its final form, and the certificate analysis must report the test results in specified units of measure and in accordance with the requirements for these products in accordance with the provisions of this bill. The bill requires ATC to conduct

randomized inspections of hemp-derived consumable beverage products to ensure compliance with the provisions of this bill.

The Act prohibits discrimination from hemp-derived consumable beverage product manufacturers against distributors with respect to any of the terms, provisions, and conditions of the granted franchises. Unless good cause is established, a manufacturer is prohibited from unilaterally terminating, refusing to continue, or substantially altering the condition of any franchise with the product distributor. Any hemp-derived consumable beverage product distributor may bring an action against a manufacturer of these products for a violation of the provisions of the bill and may recover damages and attorneys' fees from the manufacturer. It will be a complete defense for a manufacturer to prove that the termination, noncontinuance, or substantial change was done in good faith and for good cause.

The following is a summary of the public testimony from the committee hearing. The testimony was based on the introduced version of the bill.

PROPONENTS: Supporters say that many groups have voiced their concerns about the unregulated cannabis products and have expressed concerns that children can go into a store and buy these products. This is meant to regulate products you see in most stores in the State of Missouri. This comes after the 2018 Farm Act, which removed a certain level of Delta-9 THC but Congress did not realize at the time that the products could be made intoxicating. The Intoxicating Cannabinoid Control Act is meant to align the law with Congress's intent. The products sold in dispensaries are naturally derived THC products, and the items found in convenience stores are synthetically-produced intoxicating items and they are usually produced in China. Because there is a lack of testing, there is a "roll of the dice" as far as what kind of product you will get. There are talks in the federal government about how the FDA can regulate non-intoxicating hemp products and part of it is looking at the total product and its intoxicating content.

Testifying in person for the bill were Representative Perkins; SSM Health; Tom Robbins, MoCann Trade; Missouri Cannabis Trade Association; Nico Pento, Elevate; and BJC Healthcare - Children's Hospital.

OPPONENTS: Those who oppose the bill say that this bill is a danger to Missouri's hemp industry. It threatens the livelihood of veterans and the benefits to veterans. The Missouri industry is trying to put small businesses out of business. Opponents are not

opposed to regulation; they are in favor of regulation and want to go after the bad actors. This bill seeks to rewrite our Constitution without going through the Constitution. There is a specific level of THC that has been allowed and the proponents of this bill are trying to change that through statute, subverting the will of the people. Many Missourians have invested everything they have to advocate for this industry, and they make sure their products are tested and are safe for consumption. They do want regulation and they do want to keep their livelihoods. The answer is to regulate, not eradicate.

Testifying in person against the bill were John Grady, Slaphappy Beverage; Brooklyn Hill, Mo Hemp Trade Association; Craig Katz, Mo Hemp - CBD Kratom; Great State Strategies; and Missouri Vape & Alternative Products Association.

Written testimony has been submitted for this bill. The full written testimony and witnesses testifying online can be found under Testimony on the bill page on the House website.