

HB 1328 -- HEMP PRODUCTS

SPONSOR: Allen

Beginning January 1, 2026, an excise tax will be imposed on the retail sale of intoxicating hemp products in Missouri. The rate of tax is 2.25% of the purchase price of the product, and must be deposited as follows:

- (1) One-fourth of one percent of the revenue derived from this tax will be deposited into the newly created "Hemp Business Fund"; and
- (2) Two percent of the revenue derived from this tax will be deposited into the newly created "Missouri Hemp Development Fund".

Local political subdivisions must not impose any additional taxes or fees on intoxicating hemp products beyond what is authorized (Section 144.028).

The bill establishes the "Fair, Practical, and Responsible Hemp Regulations Act". (Section 407.3070)

This bill specified that a person or entity must not manufacture intoxicating hemp products unless the person or entity holds a manufacturing license issued by the Division of Alcohol and Tobacco Control. A person or entity must not sell intoxicating hemp products unless the person or entity holds a retail license issued by the Division for each location at which the retailer sells intoxicating hemp products. The holder of the licenses must pay an annual licensing fee of:

- (1) For manufacturers, \$250; and
- (2) For retailers, \$100 per location.

Applicants for the licenses must submit the following:

- (1) The annual licensing fee;
- (2) For a manufacturer, proof of compliance with product safety, testing, and labeling requirements; and
- (3) For a retailer, a description of the retailer's age-verification process.

Licenses are valid for one year and may be renewed annually. Renewal applications must be submitted at least 30 days before the license expires.

These provisions do not apply to an agricultural producer licensed under the United States Department of Agriculture's hemp program as long as the producer does not engage in the manufacturing or retailing of intoxicating hemp products.

Any manufacturer that uses 50 kilograms of raw cannabinoids or less per year may engage in business activities without obtaining a license. Any person or entity that manufactures or sells intoxicating hemp products without a license are subject to:

- (1) A civil fine of up to \$5,000 per violation;
- (2) Seizure and destruction of any products that fail to comply with the provisions of this bill; and
- (3) A permanent prohibition from applying for a license.

Counties, municipalities, and any other political subdivisions shall not require a local license to manufacture or sell intoxicating hemp products (Section 407.3073).

This bill creates the "Hemp Business Fund," which will be used solely for the administration and enforcement of the provisions of this bill. Any moneys remaining in the fund at the end of the biennium will not revert to the credit of the General Revenue Fund (Section 407.3076).

Manufacturers must ensure that the primary raw hemp ingredient used in the manufacturing process undergoes full-panel potency testing, as well as testing for microbial contaminants, before being released for sale. Testing will occur on a per-batch basis, and the results must comply with federal and state safety standards. The testing will be conducted by an independent laboratory with certain accreditations.

Any sample that fails testing may resubmit by following certain procedures, as defined in the bill.

A manufacturer cannot transport a batch of hemp that failed microbial contaminant testing, unless certain conditions are met, as provided in the bill (Section 407.3079).

Each batch of tested hemp must have a certificate of analysis detailing the results of the testing. The certificate must detail certain information, as specified in the bill (Section 407.3082).

Each product label for a hemp product must clearly display the following:

- (1) Total cannabinoid content in milligrams per package and per serving;
- (2) An ingredient list with potential allergens;
- (3) The net weight of the product;
- (4) A best-by date not exceeding two years; and
- (5) A quick-response code linking to the certificate of analysis.

Each product label must include certain written warnings, as provided in the bill.

This bill requires that hemp products not be labeled or marketed to appeal primarily to individuals under 21 years old by using such imagery as cartoon characters, mythical creatures, or other juvenile imagery. Labeling or marketing of hemp products must not mimic packaging or branding of food, beverages, or other non-hemp products that could cause confusion, nor shall the labeling or marketing infringe upon any protected trademarks. Unsubstantiated claims of medical benefits of hemp products are prohibited.

Any advertisement for an intoxicating hemp product must prominently display the following warning: "This product contains hemp-derived cannabinoids. Use responsibly. Keep out of reach of children." (Section 407.3085).

Failure to collect or remit taxes imposed upon the retail sale of intoxicating hemp products has the following penalties:

- (1) A civil fine of up to \$5,000 per violation; and
- (2) Suspension or revocation of any retail license (Section 407.3088).

This bill creates the "Missouri Hemp Development Fund". Any moneys remaining in the fund at the end of the biennium will not revert to the credit of the General Revenue Fund. After allocating moneys in the fund to the "Missouri Hemp Research Commission", the moneys in the fund will be allocated to certain departments or program, as provided in the bill.

The Department of Revenue must publish quarterly reports on the fund detailing the following:

- (1) The total excise tax revenue collected;
- (2) Allocations to each program or department; and

(3) Outcomes and progress reports from funded programs (Section 407.3091).

This bill establishes the "Missouri Hemp Research Commission" to be housed within the Department of Public Safety to oversee the allocation of funds designated for its use from the Missouri Hemp Development Fund for research and initiatives, as specified in the bill. The Commission is composed of seven members, as provided in the bill.

The Commission will develop funding priorities and approve grants for the following:

- (1) Chronic pain management research and clinical trials of hemp-derived therapies;
- (2) Research into therapies for post-traumatic stress disorder and traumatic brain injuries that use cannabinoids;
- (3) Soil remediation pilot programs focused on the use of industrial hemp;
- (4) Programs to remediate water systems; and
- (5) The expansion of Missouri's hemp industries.

The Commission will partner with certain institutions and organizations to implement approved programs, and when awarding grants, contracts, or funding for research and development initiatives, the Commission shall:

- (1) Give preference to Missouri-based companies, farmers, and institutions;
- (2) Ensure that at least 70% of funded contracts are awarded to Missouri entities unless no suitable in-state applicant meets the project's requirements; and
- (3) Prioritize projects that contribute directly to the growth of the state's hemp economy.

The Commission must publish an annual report that details certain items, as specified in the bill (Section 407.3094).

This bill prohibits any person from selling or distributing intoxicating hemp products to individuals under the age of 21. Retailers must verify the age of the purchaser using a government issued photo I.D.

Any retailer who sells or distributes intoxicating hemp products to individuals under the age of 21 is subject to the following:

- (1) A civil fine of up to \$5,000 per violation; and
- (2) Suspension or revocation of the retailer's license upon repeated violations. (Section 407.3097)

This bill requires that intoxicating hemp products that are not beverages to be stored behind counters or in locked display cases inaccessible to customers without employee assistance. Intoxicating hemp products that are beverages must be stored and displayed in the same manner as alcohol beverages, as provided in the bill (Section 407.3100).

The Division may take the following actions:

- (1) Conduct random, unannounced inspections of licensed manufacturers and retailers;
- (2) Investigate complaints of noncompliance; and
- (3) Seize non-compliant products and issue notices of violation.

The Division may also impose any of the following penalties:

- (1) A civil fine of up to \$5,000 per violation;
- (2) Suspension or revocation of licenses for repeated violations;  
or
- (3) Confiscation and destruction of non-compliant products.

A licensee penalized for having violated these provisions may request a hearing within 30 days of receipt of a notice of violation.

The Division must publish an annual compliance report that summarizes certain aspects, as specified in the bill (Section 407.3103).

Before July 1, 2026, manufacturers and retailers must obtain any required licenses and ensure full compliance with the provisions of this bill (Section 407.3109).

Any purchase, possession, consumption, use, manufacture, transportation, or distribution of any hemp product that complies with the provisions of this bill are deemed lawful. If the sales

of any hemp products becomes illegal under federal law, the sale of these products will be prohibited in the State, and the following measures must be taken:

- (1) Any license issued by the Division will be revoked; and
- (2) The Division will not begin, or must stop, issuing any licenses (Section 407.3112).

The Division and the Department of Revenue will promulgate any rules, forms, and procedures necessary to implement the provisions of this bill (Section 407.3115).