

HCS HB 2765 -- HEMP BUSINESSES

SPONSOR: Justus

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Standing Committee on Judiciary by a vote of 10 to 0. Voted "Do Pass" by the Standing Committee on Rules-Administrative by a vote of 10 to 0.

The following is a summary of the House Committee Substitute for HB 2765.

This bill gives the Division of Alcohol and Tobacco Control within the Department of Public Safety the authority to issue licenses to hemp beverage manufacturers, wholesalers, and retailers. No prohibitions will be placed on current liquor licensees from manufacturing, distributing, or selling hemp beverage products. However, this bill places certain restrictions on the number of licenses and how those licenses can be used, as described in the bill.

The bill regulates how and when a hemp business can import or export unfinished hemp extract, as described in the bill (Section 312.1005).

The Division must establish forms and procedures for the issuance of hemp licenses, as described in the bill, and can issue such licenses to applicants who:

- (1) Are at least 21 years of age, have not been convicted of a controlled substances felony within the last 10 years, and have filed all applicable tax returns;
- (2) Have fully and truthfully complied with all applications;
- (3) Have paid all applicable fees, as described in the bill;
- (4) Are not employed by a state agency that would create a conflict of interest; and
- (5) Do not hold a license for a marijuana facility.

This bill creates the "Hemp-Derived Products Fund", which will consist of all fees charged by the Division. The State Treasurer must invest moneys in the Fund in the same manner as other funds are invested, with any interest and moneys earned on such investments to be credited back to the Fund (Section 312.1010).

A hemp beverage manufacturer license entitles the license holder to make certain purchases, sales transactions, and perform other actions, as described in the bill. Hemp beverage manufacturers must comply with all packaging, labeling, and testing requirements, as described in the bill. A manufacturer or wholesaler who violates these provisions will be guilty of a misdemeanor, and upon conviction will be punished as follows:

- (1) A fine of \$1,000 for the first offense;
- (2) A fine of \$5,000 for the second offense; and
- (3) A fine of \$25,000 for the third or any subsequent offense (Section 312.1015).

A hemp beverage wholesaler can transport and store hemp beverage products under certain conditions, as described in the bill.

A hemp beverage wholesaler can sell to retailers hemp beverage products that:

- (1) Are obtained from a licensed hemp beverage manufacturer;
- (2) Meet all applicable packaging and labeling requirements established by the Department of Health and Senior Services (DHSS); and
- (3) Comply with any other rules adopted by DHSS (Section 312.1020).

A hemp beverage retailer must be at least 21 years of age and can only sell hemp beverages to individuals who are at least 21 years of age. If a hemp beverage retailer sells such products to a person younger than 21 years of age, it will be a Class B misdemeanor. It will also be a Class B misdemeanor for a person younger than 21 years of age to knowingly acquire, possess, or consume such products.

A hemp beverage retailer must also ensure that all hemp beverages for sale comply with certain restrictions on the amount and types of cannabinoids, as described in the bill.

A hemp beverage retailer must not:

- (1) Sell a hemp beverage to a person who is visibly intoxicated;

(2) Sell cannabis flower or cannabis products; or

(3) Allow for the dispensing of hemp beverage products in vending machines.

A hemp beverage retailer can permit onsite consumption of hemp beverage products under certain conditions, as described in the bill.

A hemp beverage retailer must ensure that the licensed premises are maintained in a clean and sanitary condition, and such premises will be subject to inspection by the Division at any time. The Division will not issue a hemp beverage license to any retail establishment located within 100 feet of an educational institution or place of worship.

A hemp beverage manufacturer or wholesaler may not pay a hemp beverage retailer to advertise or display a particular hemp beverage product on the licensed premises.

A hemp beverage retailer or its agent can deliver hemp beverages to consumers. If a retailer chooses to deliver hemp beverages to consumers, it must submit an application to the supervisor and pay an annual permit fee, which will be determined by the Division but will not be more than \$100 (Section 312.1025).

If more than one "franchise", as that term is defined in the bill, for the same brand of hemp beverage product is granted to different wholesalers, it will be a violation if a hemp beverage manufacturer discriminates between the wholesalers with respect to any of the terms, provisions, and conditions of the franchise. No hemp beverage manufacturer will unilaterally terminate or refuse to continue a franchise with a hemp beverage wholesaler unless the manufacturer has first established good cause from such termination.

A hemp beverage wholesaler can bring a cause of action against a hemp beverage manufacturer for any violation of these provisions, as described in the bill (Section 312.1030).

A hemp beverage product that is sold in Missouri will be labeled with a set of consumer protection statements, as described in the bill.

A manufacturer, wholesaler, or retailer of hemp beverage products must not advertise, market, or offer for sale such products using imagery or scenery that depicts characters or symbols known to

appeal primarily to a person under 21 years of age (Section 312.1035).

The Division will allow retailers and wholesalers 120 days after August 28, 2026, to sell any adult hemp beverage products that were in their inventory as of August 28, 2026. After the 120 days pass, all remaining hemp beverage inventory will be subject to forfeiture and destruction (Section 312.1037).

An excise tax of seven percent will be imposed upon the retail sale of hemp beverage products. This tax is intended to be passed on to the purchaser (Section 312.1040).

This bill is similar to SB 993 (2026).

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 this bill is designed to bring regulation to intoxicating hemp products and create safety measures and guard rails so they can be sold and utilized in a safe manner. This implements the same type of language used currently in the sale of alcohol. This just deals with the intoxicating beverages, not other hemp products. There is currently no regulation and no age restrictions around these products, and the State needs that. When Congress decriminalized hemp, it did not know the industry and it created no regulatory framework, so it was left to the states to handle it. Now, it is up to Missouri to make sure these things are regulated and sold properly. There is Federal law that is pending regarding the banning of hemp products, but there are other bills being discussed in Congress to figure out how to create a regulatory framework. The industry is not satisfied with the status quo. They want to make sure the bad actors are not able to sell these beverages to children. The three-tiered system that exists for alcohol works, which is why this industry would like to implement the same framework for the hemp beverages. The marijuana industry and the hemp industry need to reach some sort of solution. Dormant commerce clause was brought up as it relates to the residency requirement in the bill. The Dormant Commerce Clause does not allow states or government entities to discriminate against businesses on the basis of residency. And marijuana businesses are regulated by the states, not the Federal government.

Testifying in person for the bill were Representative Justus; Missouri Beer Wholesalers Association; Hemp Beverage Alliance; Missouri Petroleum & Convenience Association; Arnie Dienoff; Total Wine & More; and Torch Drinks.

OPPONENTS: There was no opposition voiced to the committee.

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.