

HB 2768 -- INDUSTRIAL HEMP PRODUCTS

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TAXATION (Section 144.028)

This bill specifies that an excise tax of 2% on retail sales of industrial hemp-derived consumable products will be imposed for all tax years beginning on or after January 1, 2027. Revenue derived from this tax will be deposited into the newly established "Hemp Business Fund", described below.

AGE RESTRICTIONS (Section 195.2555)

The bill restricts the sale or distribution of industrial hemp-derived consumable products to persons under 21, as well as the sale and distribution of industrial hemp-derived consumable products in a public setting. A retailer must keep all industrial hemp-derived consumables, besides industrial hemp-derived consumable beverage products, in a restricted area that cannot be easily accessed by persons under 21. Any industrial hemp-derived consumable beverage products for sale must be merchandised in a manner indicating the products contain industrial hemp-derived cannabinoids, as defined in the bill, and are not for sale to individuals under 21. Any person who violates this provision will be subject to penalties, as listed in the bill, that will be enforced by the Division of Alcohol and Tobacco Control within the Department of Public Safety.

CRIMINAL IMMUNITY (Section 195.2557)

Any person who manufactures, processes, packages, distributes, transports, or sells industrial hemp-derived consumable products lawfully shall not be subject to arrest, criminal prosecution, civil penalty, administrative sanction, or professional discipline. Any consumer who purchases, possesses, or uses an industrial hemp-derived consumable product shall not be subject to arrest, criminal prosecution, civil penalty, forfeiture, or any other adverse action.

Lawful possession of an industrial hemp-derived consumable product will not constitute probable cause or reasonable suspicion for a stop, search, seizure, or arrest by law enforcement; nor shall lawful possession of industrial hemp-derived consumable products be grounds for:

- (1) Denial of employment;

- (2) Denial of education or public accommodations;
- (3) Loss of child custody or visitation;
- (4) Denial of state benefits; or
- (5) The initiation of civil or criminal proceedings.

PROHIBITIONS ON STATE AND LOCAL LAW ENFORCEMENT (Section 195.2558)

No state or local law enforcement officer, state or local prosecutor, or state employee may assist in the investigation, detention, arrest, or prosecution of a manufacturer, distributor, retailer, or consumer for lawful conduct involving industrial hemp-derived consumable products. These provisions will not prohibit compliance with Federal court orders. A violation of these provisions may result in disciplinary action under state law.

LICENSING (Section 195.2560)

Any person who is in the business of industrial hemp-derived consumable products must obtain a license from the Division. Any license granted to a retailer will be location specific; any license granted to a manufacturer or distributor will also 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. No new retail establishment offering industrial hemp-derived consumables can be within a certain proximity of schools. Any retail establishments that were within the listed proximity of a school prior to the effective date of this Section will be allowed to continue to operate.

HEMP BUSINESS FUND (Section 195.2563)

This bill creates the "Hemp Business Fund". All fees collected relating to the licensure of manufacturers, distributor, and retailers of hemp-derived consumable products, as well as the 2% excise tax described above, will be deposited into this Fund. Any moneys remaining in the Fund at the end of the biennium shall revert to the credit of the Hemp Industry grant Fund, described below.

#### HEMP INDUSTRY GRANT FUND (Section 195.2564)

The Department of Agriculture will establish a grant program to support the state's hemp industry. Eligibility requirements are described in the bill.

This bill creates the "Hemp Industry Grant Fund". Any moneys remaining in the Fund at the end of the biennium will not revert to the credit of the General Revenue Fund.

#### PROMULGATION OF RULES (Section 195.2565)

Before April 1, 2027, the Division must promulgate rules regarding the licensure of industrial hemp-derived consumable products, as specified in the bill.

#### TESTING (Section 195.2570)

The Division will oversee all testing of the final form of industrial hemp-derived consumable products. A website containing a registry of independent testing laboratories will be maintained by the Division. Independent testing laboratories wishing to test industrial hemp-derived consumable products will register with the Division. So long as the laboratory demonstrates current and valid accreditation and registration, as specified in the bill, the Division will not have cause to examine, inspect, or regulate any registered independent testing laboratory for compliance with certain requirements.

A manufacturer must ensure its product is tested prior to distribution to a distributor or retailer and shall be responsible for the cost of such testing. A distributor will not be required to test the product if the product is packaged in a way that may be sold to the consumer and the distributor does not open the packaging. A retailer will not sell hemp flower that is not accompanied by a certificate of analysis, as specified in the bill.

The required testing will determine the presence and amounts of certain substances. If any product contains an excessive amount of any listed substance, that product will not be sold.

Each product tested will receive a certificate of analysis (COA) issued by the testing laboratory demonstrating that the product has successfully undergone testing, as specified in the bill.

#### LABELING (Section 195.2575)

This bill specifies that any industrial hemp-derived consumable product offered for sale must have a label that contains certain information, as described in the bill. Hemp-derived consumable product labels must not contain any imaging that is typically used to appeal to children.

#### SERVING SIZE AND PACKAGING (Section 195.2580)

The bill specifies that industrial hemp-derived consumable products that are sold in this state must:

- (1) Be labeled according to certain standards, as described in the bill;
- (2) Satisfy certain child-resistant standards, other than industrial hemp-derived consumable beverage products;
- (3) Be manufactured in the United States under applicable laws, as described in the bill; and
- (4) Not be sold without a validly issued certificate of analysis issued by an independent testing laboratory within the previous 24 months.

Any industrial hemp-derived consumable intended for ingestion but not inhalation, any industrial hemp-derived consumable beverage product, or any industrial hemp-derived tincture must adhere to certain serving requirements, as described in the bill.

#### ADVERTISING AND MARKETING (Section 195.2585)

A retailer or manufacturer of industrial hemp-derived consumable products may not advertise, market, or offer for sale such products using a trade dress, trademark, branding, or related imagery that depicts or signifies characters or symbols known to appeal to persons under the age of 21.

#### HEMP-BASED CONSUMABLE PRODUCT RELATED OFFENSES (Section 195.2590)

A person may not operate a motor vehicle, aircraft, or watercraft while impaired by the use of an industrial hemp-derived consumable product. Criminal penalties for operation of a vehicle while under the influence will be treated in the same manner as driving while under the influence of alcohol.

#### PRODUCTION, MANUFACTURING, AND DISTRIBUTION (Section 195.2595)

Manufacturers of industrial hemp-derived consumable products may assign exclusive territories for distribution of such products. Restrictions placed upon manufacturers of the solicitation, sale, or conveyance of industrial hemp-derived consumable beverage products are described in the bill. However, such restrictions will not apply to manufacturers who sell less than 4,500 gallons of industrial hemp-derived consumable beverage products each year.

#### REGISTRATION (Section 195.2600)

Every hemp-derived consumable product distributed or available for distribution must be registered with the Division through an application, as specified in the bill, and a COA from an independent testing laboratory. The Division may deny incomplete applications and may require a new registration if updated information is needed for a product.

#### INSPECTIONS (Section 195.2607)

The Division will conduct randomized inspections of hemp-derived consumable products distributed to ensure compliance with certain requirements, as specified in the bill.

#### ON-PREMISES SALES AND CONSUMPTION (Section 195.2610)

All establishments offering hemp-derived consumable beverage products must be licensed, as described in the bill. A beverage product may be sold by on-premises retailers or in food service establishments only if they have satisfied certain registration requirements, as described in the bill. These establishments must not sell hemp-derived consumable products at a temporary event without first obtaining a license and permit to do so.

A person who is under 21 is not allowed to sell hemp-derived beverage products unless he or she is an employee of the establishment, over 18, and under the supervision of someone 21 or older. Beverage products can be sold for on-site consumption only to individuals who are 21 or older after proof of age or an ordinary person standard is established.

Unless stated otherwise in Section 195.2610, all hemp-derived beverage products being sold for on-site consumption must be prepackaged, may be combined with non-alcoholic ingestible beverage products, and cannot be provided to an individual who appears intoxicated. Upon request, an on-premises retailer must

provide identifying information about a hemp-derived consumable beverage product to a customer. On-site samples of hemp-derived beverage products may be provided if the person sampling the product is 21 or older and the sampling procedure is handled responsibly.

#### SIMILARITY TO ALCOHOL STANDARDS (Section 195.2615)

Regulation of the advertising and promotion of industrial hemp-derived consumable products must be no more stringent than comparable state regulations of alcohol sales.

#### FRANCHISE, DISTRIBUTOR, AND MANUFACTURER RELATIONSHIP (Section 195.2620)

If more than one franchise for the same brand or brands of hemp-derived consumable beverage products is granted to different distributors, manufacturers cannot discriminate between distributors with franchises, as specified in the bill. Any manufacturer that wishes to terminate any franchise with a distributor must have good cause to do so and any distributor may bring a cause of action against any manufacturer for any violations.

#### LEGAL INDEMNIFICATION (Section 195.2625)

Any manufacturer, distributor, or retailer shall be indemnified from any claims, liabilities, and damages that arise out of certain conduct, as described in the bill.

#### SCHOOL PROPERTY (Section 195.2635)

Before July 1, 2027, each school district must adopt a policy that prohibits the use of any hemp-derived consumable product on any property owned by the school district or at any school-sanctioned event not on school district property. However, a licensed health care professional may administer a hemp-derived consumable product to a student at school under certain conditions, as specified in the bill. Any hemp-derived consumable that is provided to a school must be kept in an area inaccessible to students, teachers, staff, and administrators.

This bill is similar to HCS HB 393 (2025).