

# the buzz:

## Cannabis News & Policy Update

February 2025 Edition

### FEDERAL UPDATES

**280E:** A few weeks ago, Republican Senators James Lankford and Pete Richards introduced a bill titled “No Deductions for Marijuana Businesses Act,” to codify that 280E applies to businesses legally selling marijuana, even if it is reclassified as a Schedule III drug. The anti-marijuana group Smart Approaches to Marijuana (SAM), which took credit for its lobbying efforts in getting the bill filed, asserts that removing 280E would provide tax “relief” to a federally illegal industry and cost the federal government “billions” in tax revenue.

On February 21, seven more Republicans doubled down on this effort, filing [H.R. 1447](#) in the US House, which proposes similar legislation making 280E permanent for cannabis businesses.

*H&H Commentary: We vociferously disagree that doing away with 280E, which would result in cannabis businesses being faced with the same tax burden as every other US-based producer or retailer, provides “tax relief” to cannabis businesses. In our view, if passed, these bills will perpetuate and increase black market sales, foreign drug trade, and the availability of unregulated and unsafe cannabis products. This is in addition to a worrying trend of several states increasing cannabis sales and excise taxes—see details in the “State Policy Updates” section below.*

**DEA:** Terrance Cole was [nominated](#) by President Donald Trump as DEA Administrator and it is expected he will be confirmed by the Senate. Cole worked at the DEA for 22 years and opposes marijuana legalization.

Holland & Hart Commentary: If appointed, Cole could delay, or even derail, the marijuana rescheduling process.

**Banking:** Congressional members discussed the cannabis industry’s banking challenges at the [Senate Banking Committee](#) and the [House Financial Services Committee](#) hearings earlier this month. During the latter, Republican Rep. Warren Davidson said he is hopeful Congress will get the issue across “the finish line” this year. While many Republicans have opposed previous cannabis banking proposals, President Trump said during the 2024 campaign that he intends to work with Congress to pass the SAFER Banking Act. There is also renewed interest among congressional Republicans now that similar challenges have emerged with cryptocurrency.

### NEW MARKETS & LICENSING OPPORTUNITIES

**Florida:** Advocates filed language for an adult-use legalization [measure](#) they intend to place on the 2026 ballot. It differs from Amendment 3, which was defeated last November, by requiring the Florida Legislature to enact legislation regulating public consumption and creating new licenses, while also giving the Legislature the authority to permit personal cultivation. Proponents must navigate a difficult citizen initiative process, including a review by the Florida Supreme Court, which has historically been hostile to cannabis-related measures. If the measure makes it on the ballot, it could elevate cannabis policy as an issue in the 2026 gubernatorial race.

**Minnesota:** The Office of Cannabis Management is accepting licensing applications for the state’s adult-use cannabis market until March 14. The OCM anticipates issuing capped licenses via a lottery in May or June 2025, and uncapped licenses will be issued on a rolling basis. Capped licenses will include 100 mezzobusinesses, 50 cultivators, 24 manufacturers, and 150 retailers. There is no cap on licenses for microbusinesses, wholesalers, transporters, testing facilities, delivery services, and medical cannabis combination businesses.

**Pennsylvania:** Governor Josh Shapiro included legalization of adult-use cannabis in his [budget proposal](#) for the third year in a row. The budget proposal would notably require medical cannabis dispensaries to pay \$25M in licensing fees to sell adult-use cannabis, with an annual \$500,000 renewal fee. Shapiro also called on legislators to include expungements and social equity provisions in any adult-use bill they pass. The deadline to pass a state budget is June 30, 2025.

**Nebraska:** Lawmakers filed three bills aimed at implementing Nebraska’s medical cannabis ballot measure, approved by voters in November and now in effect, despite ongoing legal challenges. All three proposals delay the start of licensing to January 1, 2026, and prohibit publicly traded companies from obtaining a license, but each proposes a different licensing structure.

- [LB 651](#) proposes 10 vertically integrated licenses that can each operate three dispensary locations.

- **LB 677** proposes five vertically integrated licenses that can each operate four dispensary locations, plus a capped number of non-vertically integrated licenses.
- **LB 705** proposes uncapped non-vertically integrated licenses, with 50% reserved for social equity applicants.

## STATE POLICY UPDATES

**Taxes:** Four governors have proposed increases to state marijuana excise taxes.

- **Maryland:** Gov. Wes Moore **proposed** increasing the state’s cannabis sales tax from 9% to 15% to help offset a \$3 billion budget deficit it will be facing in 2026.
- **Maine:** Gov. Janet Mills **proposed** increasing the state’s cannabis sales tax from 10% to 14%, as the state is **projecting** a \$637 million deficit for the next two years.
- **Michigan:** Gov. Gretchen Whitmer **proposed** imposing a new 32% wholesale tax as part of a broader plan to fund state infrastructure projects.
- **Ohio:** Gov. Mike DeWine **proposed** doubling the excise tax on adult-use cannabis sales, from 10% to 20%, as the state grapples with **declining** total tax revenue.

**Colorado:** Lawmakers filed a **bill** with several provisions that would be detrimental to the state’s cannabis industry. SB25-076 would prohibit adults ages 21–25 from purchasing any products with flavoring or with over 10% THC potency. It also proposes a new color-coding system for indicating THC potency. The state’s leading cannabis industry association, Colorado Leads, is strongly opposing the legislation.

**New York:** Gov. Kathy Hochul signed a **bill** expanding the definition of “crops” under the state’s Agriculture and Markets Law to include cannabis, allowing for cannabis cultivators to access agricultural and tax benefits traditionally available for other crops. The bill applies retroactively from January 1, 2024, which will allow cultivators to claim a full year of tax benefits.

**Ohio:** A **bill** was filed late last month with support of the Senate president that would significantly alter the state’s voter-approved adult-use cannabis law. Notable provisions include capping the number of retailers at 350 and reducing the potency cap for extracts from 90% THC to 70% THC. The bill has a more favorable path through the legislature this year, as the new House speaker is not only a cousin of the bill’s sponsor, but also an avid supporter of overhauling the voter-approved legalization law.

## HEMP

**New York:** A state supreme court judge **ruled** that warrantless raids on licensed hemp businesses carried out by the state Office of Cannabis Management and the New York City Sheriff’s Office likely violated the Fourth Amendment. The decision stems from a lawsuit filed by five licensed hemp retailers raided by the local sheriff’s office and subject to product seizure. The judge ruled that regulators must scale back their inspection practices, such as engaging in “reasonable inspections of a retail store space with no more than two inspectors who shall not be armed,” unless there is a credible security concern.

**Virginia:** The US Court of Appeals for the Fourth Circuit **upheld** a state law restricting the sale of hemp-derived products by instituting a THC cap and minimum CBD:THC ratio. The ruling affirmed that the law is not preempted by the 2018 Farm Bill because the Farm Bill gives states the explicit authority to regulate hemp more restrictively than federal law.

*H&H Commentary: This decision by a federal appellate court is significant because it confirms, for the first time, that any conflict between existing or new state laws and the federal Farm Bill will be read in favor of state regulations. We will continue to monitor how this decision impacts pending litigation and other state efforts to restrict hemp-derived products.*

## WANT THE BUZZ DELIVERED MONTHLY?

Never miss a cannabis news and policy update. Use the button below to sign up for future monthly newsletters.

**SIGN UP**



visit us online