

the buzz:

Cannabis News & Policy Update

March 2025 Edition

FEDERAL UPDATES

Treasury: On March 21, the Financial Crimes Enforcement Network (FinCEN) announced an interim final rule that exempts all US entities and US beneficial owners from reporting requirements under the Corporate Transparency Act (CTA). Only foreign companies that fall within a new definition and do not qualify for an exemption must report BOI. Several challenges to the constitutionality of the CTA are ongoing, so the story isn't over yet. Stay tuned.

DEA: Court [records](#) made publicly available March 13 outline how the DEA selected the designated participants for administrative hearings on the rescheduling of marijuana. The new records show the agency considered 163 total applicants and selected 25 based on criteria that are still unknown. The DEA also attempted to admit nearly a dozen rescheduling opponents, while it rejected requests outright from state officials in New York and Colorado who supported rescheduling. The documents were published as part of an ongoing lawsuit by Doctors for Drug Policy Reform, which is seeking to have the DEA restart the participant selection process.

NEW MARKETS & LICENSING OPPORTUNITIES

Alabama: The Alabama Court of Civil Appeals [lifted](#) a temporary restraining order that blocked state regulators from issuing dispensary and integrated facility licenses. As a result, the Alabama Medical Cannabis Commission can now proceed with investigative hearings, where administrative law judges will hear from awardees and issue findings on their suitability before regulators issue the licenses. Issuance of licenses following the investigative hearings can still be legally challenged.

STATE POLICY UPDATES

Colorado: [SB25-076](#), a proposal backed by anti-cannabis groups that would have created extreme new product restrictions and packaging and labeling rules, died before it received a vote in committee. The bill sponsors postponed it indefinitely following an outpouring of public opposition and intense lobbying driven by [Colorado Leads](#), a state cannabis business association of which Holland & Hart is a member. A bill supported by Colorado Leads to reduce the regulatory burden on cannabis businesses, [HB25-1209](#), is making its way through the House.

DC: Enforcement against unlicensed operators is ramping up as regulators closed ten unlicensed shops in February, the most since enforcement efforts began late last year. Attorney General Brian Schwab [announced](#) that a total of 25 unlicensed cannabis operators have been closed in the last six months using new civil enforcement powers [granted](#) by the DC Council. Unlicensed operators who are attempting to transition to the legal medical market have until April 1 to get a dispensary license up and running, putting 33 prospective applicants at risk for enforcement in the next month.

Florida: Gov. Ron Desantis [called](#) for new restrictions on citizen-initiated ballot measures, spurring the filing of [HB 1205](#) in the House and [SB 7016](#) in the Senate. With Republicans in control of the legislature, a ballot measure is the most likely path to legalizing adult-use cannabis in Florida, and these proposals would make it even harder to meet the ballot measure requirements. For example, the bills propose requiring proponents to obtain a \$1 million bond before collecting signatures; mandating petition signers to show identification; and creating new training and background check requirements for petition circulators.

Idaho: The Legislature approved a [resolution](#) to ban voters from legalizing medical or adult-use cannabis through ballot initiatives. It still requires final approval from voters and will appear on state ballots in 2026.

New Jersey: Gov. Phil Murphy proposed an [annual budget](#) that includes increasing the state’s social equity excise fee—a tax imposed on cultivators—from \$2.50 per ounce to \$15 per ounce. He is the fifth governor to propose a massive cannabis tax, following on the heels of proposed increases in Maine, Maryland, Michigan, and Ohio.

Holland & Hart comment: the trend of states ratcheting up taxes on legal operators is concerning. On top of the crushing impacts of IRC Sec. 280E, legally operating cannabis businesses face enormous compliance costs and financial hurdles. See Rachel Gillette’s [MJ Biz Guest Column](#) for analysis of the harmful impacts of maintaining 280E.

Ohio: The Legislature is inching closer to making major changes to the state’s voter-approved adult-use law. The Senate passed [SB 56](#), which would limit the potency of concentrates to 70% THC, cap the number of dispensaries at 350, and remove a requirement that 50 new adult-use retail licenses be reserved for social equity applicants. A separate bill introduced in the House, [HB 160](#), is similar to SB 56 but would not limit ownership of retail licenses. It also would not set a limit on THC levels in edibles or require preapproval of advertising materials.

HEMP

California: The state Department of Public Health [proposed](#) an extension of emergency regulations that banned hemp products with any detectable amount of THC. The ban, which applies to many consumable hemp products, will stay in effect for 90 days if the emergency rulemaking extension is adopted.

Texas: [SB 3](#), which would prohibit nearly all consumable hemp products from being manufactured or sold in the state, passed a Senate committee assignment. The bill is supported Lt. Gov Dan Patrick, who presides over the Senate and called the bill one of his top legislative priorities. SB 3 would ban the manufacture, sale, and possession of all consumable hemp products containing any cannabinoid other than CBD and CBG. Texas is one of the largest consumable hemp markets in the country, with 7,000 [registered](#) hemp dispensaries as of April 2024.

PSILOCYBIN

Colorado: Proposition 122, approved by voters in 2022, allows the use of psilocybin (often called “magic mushrooms”) at licensed healing centers through the state’s Natural Medicine program. State applications are now being accepted for healing centers, cultivators, manufacturers, handlers and facilitators, although local approval will also be required for some licenses as part of the overall licensing process. Licenses are expected to begin being issued sometime this year.

Denver: In early March the Denver City Council approved a bill establishing local licensing requirements for psilocybin healing centers. Psilocybin mushroom cultivators, infused product manufacturers and testing facilities in Denver will not require local permits, and will only require licenses issued by the state’s Natural Medicine Division.

New Mexico: On March 18, New Mexico lawmakers approved SB 219 (Medical Psilocybin Act), to establish a legal, regulated medical psilocybin program managed by the state Department of Health. The program would allow patients with “qualifying conditions” like PTSD, substance use disorders, and end-of-life-care, to access and use psilocybin under the guidance of a licensed healthcare provider. The bill is awaiting signature by Governor Michelle Grisham.

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