

Eight Iowa Companies Sue State Over Hemp Cannabinoids Law

Second Group of Companies Sues Iowa Over New Hemp Law Limiting THC Levels

A second group of companies is suing the State of Iowa over a new hemp law that limits the levels of THC in consumable products. The companies argue that the lack of finalized regulations, expected no earlier than July 17, leaves them in a precarious situation and potentially criminalizes their products.

Regulatory Limbo

The eight companies involved in the lawsuit claim that the new state law, which took effect on July 1, restricts the THC levels in hemp products but lacks the necessary regulations to comply with it. This regulatory gap, they argue, puts their businesses in a state of “regulatory limbo” and exposes them to legal risks.

Previous Lawsuit

This is the second lawsuit against the state over the same law. Last month, Climbing Kites, a beverage manufacturer in Polk County, and Field Day Brewing Co., a producer of cannabis sparkling water in Johnson County, sued the state and sought an injunction to block the law’s enforcement. However, U.S. District Court Chief Judge Stephanie M. Rose denied their motion for a preliminary injunction. Rose expressed concerns about the law’s vagueness but did not find sufficient evidence to support the claim that it was preempted by federal law.

Iowa Companies Involved in the New Lawsuit

The eight companies now suing include:

- HW Premium CBD of Urbandale
- American Shaman, with locations in Altoona, West Des Moines, and Indianola
- Greene Goods Market and Greenhouses of Jefferson
- Your CBD Store in West Des Moines
- Beyond CBD of Des Moines
- Campbell’s Nutrition Centers of Des Moines
- Sky High of Cedar Falls
- Icanna of Iowa

They argue that the new law will result in significant financial losses and could lead to criminal charges for possessing products that were previously legal.

Financial Impact and Legal Concerns

When Governor Kim Reynolds signed the legislation on May 17, she mentioned concerns about protecting minors from dangerous products. The law limits THC concentration in hemp products to very low levels. The companies argue this effectively shuts down the Iowa cannabinoid business by banning synthetic THC in consumable hemp products.

The new law does not allow for existing [hemp-derived products](#) that have been legal since 2020. Starting July 1, these products are considered controlled substances, putting businesses at immediate risk of criminal and civil enforcement.

Delay in Regulations

The Iowa Department of Health and Human Services (DHHS) and the Iowa Department of Agriculture and Land Stewardship (IDALS) are responsible for implementing the law, but the necessary regulations are still in draft form and will not be finalized until at least July 17. This leaves businesses without clear guidance on how to comply.

Specific Issues

One issue is the requirement for each container of consumable hemp product to include a warning notice about the risks. However, the law does not specify the exact wording for this warning, and DHHS has not yet provided the required language.

History of Hemp Legislation

The dispute stems from the 2018 Farm Bill, which legalized hemp and hemp-derived products. Iowa subsequently removed hemp from its list of controlled substances and legalized its production and sale. In 2020, Iowa further regulated consumable hemp products, paving the way for a new industry.

House File 2605, passed this year, tightens the definition of legal hemp products, limiting THC concentration to three-tenths of 1 percent on a dry weight basis, or 4 milligrams per serving, or 10 milligrams per container, whichever is less.

Plaintiffs' Arguments

The plaintiffs argue that the intent of the new law—to protect young people—can be easily bypassed by repackaging products into smaller servings. They also note that there are no limits on how many smaller bottles consumers can buy, undermining the law's purpose.

HW Premium CBD estimates a loss of \$171,000 due to the new law. American Shaman has already closed one store and may close more. Beyond CBD expects to lose nearly \$200,000 in revenue, and Campbell's Nutrition Centers projects a monthly loss of \$50,000.

Legal Claims

The businesses argue that the state law is preempted by the federal Farm Bill and violates their due process rights. They are seeking an immediate stay of enforcement, a restraining order, and an injunction against the new law.

As Iowa businesses face significant uncertainty and potential financial losses, the legal battle over the state's new hemp law continues. The outcome of this lawsuit could have major implications for the hemp industry in Iowa. The state has yet to respond to the latest lawsuit, leaving the affected companies in a state of anxious anticipation.

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