

# Cannabis Lobbyists Gear Up as Farm Bill and Rescheduling Loom

## Hemp Industry Leaders Call Missouri Governor's Order Banning THC Products an 'Overreach'

Encouraged by the first tangible steps toward federal marijuana reform in a generation and faced with rising competition from hemp-derived products, marijuana companies are significantly increasing their lobbying efforts in Washington, D.C., according to recent federal lobbying disclosures.

### Increased Spending on Lobbying

During the first half of 2024, companies deeply involved in the marijuana and hemp industries reported spending nearly \$4 million on lobbying efforts. This figure represents a significant rise from the \$2.4 million spent over the same period in the previous year.

The current surge in spending mirrors the intense lobbying activities witnessed in late 2022, when marijuana banking reform appeared imminent in a congressional lame-duck session. However, this increase is more pronounced and reflects the high stakes involved in pending legislation, including the Farm Bill, and the Biden administration's rescheduling of marijuana.

### The Growing Influence of Cannabis Lobbyists

Charlie Panfil, who leads lobbying efforts related to controlled substances at The Daschle Group, highlighted a growing bipartisan recognition of cannabis issues. "There is definitely a growing recognition that it's more of a bipartisan issue," Panfil stated. "There's also a lot of interest from other industries beside your core cannabis industry."

Despite the heightened lobbying, the impact of these efforts remains uncertain. Current congressional sessions are set to conclude without substantial progress on either banking reform or a new Farm Bill. Additionally, Congress's influence over the Department of Justice's rescheduling process appears limited.

### The Role of Major Cannabis Players

The increase in lobbying expenditure is particularly notable among major marijuana operators. Chicago-based MSO Cresco Labs has emerged as the top spender, investing \$1.24 million in lobbying efforts during the first half of 2024. This represents a substantial increase from the \$250,000 reported in the same period the previous year. Cresco's spending includes major government-relations firms such as Denver-based Brownstein Hyatt Farber Schreck.

New York City-based MSO Curaleaf Holdings is also a significant player, with quarterly spending of \$290,000. This includes \$140,000 on in-house lobbying, \$80,000 on Brownstein Hyatt Farber Schreck, and

\$70,000 for Cozen O'Connor Public Strategies.

## **Industry Reactions and Challenges**

The marijuana industry's increased spending highlights the complexities faced under federal marijuana law. Some observers argue that the prolonged lobbying efforts could inadvertently benefit K Street firms, which may delay resolving these issues to maintain ongoing business.

Steve Busch, owner of Krew Distributing, criticized the governor's recent executive order banning intoxicating hemp products, describing it as "disingenuous" and "bordering unethical." Meanwhile, cannabis companies and advocacy organizations continue to push for better regulations, with some preparing legislative responses to address the challenges posed by the Farm Bill and other federal policies.

## **The Uncertain Path Forward**

Despite the substantial financial investments, the efficacy of these lobbying efforts remains in question. Advocates like Morgan Paxhia, co-founder of Poseidon Asset Management, emphasize the need for actionable progress over mere rhetoric. "Action over words is really what we're looking for," Paxhia said. "Dollars are so precious... and doing so in a year where the odds of progress are so limited."

As the cannabis industry navigates this complex landscape, it faces a crucial choice: continue investing in lobbying efforts with uncertain returns or reduce their presence and risk losing influence in shaping federal policy.

In the words of Charlie Panfil, "If you're not at the table, you're on the menu." This sentiment underscores the ongoing debate and challenges facing the cannabis industry as it seeks to influence federal policy and navigate the evolving regulatory environment.

## **Related Developments**

The debate over cannabis regulation is not just limited to lobbying efforts. The sector also faces internal challenges, such as differing interests among large and small companies, and external pressures from competing industries. The nuanced nature of cannabis policy continues to pose difficulties for stakeholders aiming to achieve meaningful reform amidst a backdrop of competing legislative priorities.

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