

Hemp vs. Medical Cannabis: SD Sales Impacted, Businesses Warn

South Dakota Lawmakers Hear Concerns Over Synthetic THC Impact on Medical Cannabis Market

South Dakota's legislative oversight committee on medical marijuana delved into the challenges posed by synthetic THC products on Monday, as members listened to concerns about how loosely regulated, hemp-derived alternatives are undermining the state's medical marijuana industry.

Synthetic THC Products Raise Alarms

During a meeting in Pierre, the Medical Marijuana Oversight Committee heard from business owners and the State Public Health Laboratory director about the rising popularity of synthetic THC compounds, such as delta-8 THC and delta-10 THC, which can produce effects similar to marijuana's primary psychoactive component, delta-9 THC. These synthetic products are sold in various forms, including smokable flower, pre-rolled joints, vape oils, and edibles. Unlike medical marijuana, these hemp-derived alternatives are not subject to the rigorous testing, security, and labeling standards required by the state's legal cannabis market.

Health Risks and Market Impact

Witnesses testified that these unregulated products not only pose potential health risks but also threaten the demand for medical marijuana. Since these synthetic products can be purchased without a medical marijuana patient card and often contain high levels of THC variants, they serve as a cheaper, accessible alternative to state-regulated cannabis.

South Dakota's embrace of hemp cultivation, which began after the 2018 Farm Bill authorized hemp growing nationwide, has contributed to the proliferation of these products. Today, the state is the largest producer of hemp in the country, and the variety of hemp-derived marijuana alternatives has grown significantly.

Legislative Efforts and Loopholes

To address the growing "diet weed" market, the South Dakota Legislature passed House Bill 1125 last winter. The law, which took effect in July but is currently being challenged in court, bans the creation and sale of certain chemically modified hemp products. However, possession of these products remains legal.

State Public Health Laboratory Director Tim Southern informed the committee that while the new law bans four specific THC variants, many others remain available. For example, THC-A products continue to be widely sold in smoke shops across the state, often skirting the new regulations.

Decline in Medical Cannabis Patients

South Dakota's medical marijuana program has seen a decline in patient cardholders since the beginning of the year, a trend business owners attribute to the state's lax enforcement of THC-A product regulations. Dalton Grimmus, CEO of Dakota Herb, described the stores selling these products as "illegal dispensaries" operating under the guise of selling hemp.

Alan Welsh, also of Dakota Herb, testified that his dispensary has had to lower prices on its state-approved, tested products to compete with the cheaper, non-regulated alternatives. Welsh also conducted private tests on two hemp products sold in Sioux Falls, finding that they contained more contaminants than allowed for medical marijuana and exceeded the legal THC threshold for hemp.

Calls for Legislative Action

Although the committee did not take immediate action on the concerns raised, members suggested the possibility of a legislative summer study to explore the issue further. However, this study would likely have to wait until the summer of 2025, as this year's studies are already in progress.

Committee members, particularly those with law enforcement backgrounds, expressed concerns about testing capacity in the state and the broader regulatory challenges. Some also questioned whether the committee has the jurisdiction to address issues outside the medical marijuana industry, with a final decision expected at the October meeting.

The 'Whack-a-Mole' Challenge

Jeremiah Murphy, a lobbyist for the state's cannabis industry, suggested that legalizing all forms of THC might provide an opportunity for better regulation and licensing. This approach could be put to voters through a recreational marijuana ballot measure in November.

Sioux Falls Police Chief John Thum compared the regulation of synthetic THC products to a game of "whack-a-mole," a sentiment echoed by other committee members. Southern, the health lab director, emphasized the need for a federal solution, urging Congress to clarify that hemp should not be used to produce intoxicants in the upcoming farm bill.

Southern concluded by advocating for carefully crafted state legislation that could prevent "modern garage chemists" from exploiting legal loopholes. "Otherwise, it will be nothing but a game of whack-a-mole now and forever more," he warned.

As South Dakota navigates these challenges, the balance between supporting the medical marijuana industry and addressing the risks of synthetic THC products remains a critical issue for lawmakers and regulators alike.

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