

US Cannabis Industry Braces for Trump Administration

As 2024 Ends, Cannabis Advocates Reflect on a Year of Limited Progress and Lingering Questions Under Trump

The year 2024 began with high hopes for cannabis reform in the United States, as significant momentum seemed to build for federal rescheduling and broader legalization. However, as the year draws to a close, much of that optimism has given way to frustration. Political gridlock, regulatory delays, and setbacks at the state level have left many in the cannabis industry questioning what lies ahead under a new administration.

Rescheduling Hopes Dashed: A Year of Delays and Resistance

At the center of this year's cannabis reform efforts was the possibility of rescheduling cannabis under the Controlled Substances Act. President Joe Biden had made rescheduling a cornerstone of his 2020 campaign, and early in 2024, the Department of Health and Human Services (HHS) released a scientific review recommending cannabis be moved from Schedule I to Schedule III.

Such a change would mark a significant step toward federal decriminalization, allowing cannabis-derived drugs to undergo FDA approval processes and potentially expanding medical research opportunities. The Drug Enforcement Administration (DEA) opened a public comment period in May, receiving more than 40,000 responses, with 69% supporting federal decriminalization or legalization.

Yet, progress stalled. The DEA extended the process by scheduling a preliminary hearing in December, pushing the official hearing into 2025. "The DEA is remarkably resistant to political pressure," said Paul Dunford of Green Check, a financial services firm specializing in cannabis. "I'm not 100% convinced they'll move forward with rescheduling. They're taking their sweet time."

Election-Year Frustrations: Promises, But Little Action

The 2024 election cycle brought unprecedented bipartisan support for cannabis reform, with both Democratic and Republican candidates advocating for change. Kamala Harris pushed for full federal legalization, while Donald Trump endorsed a Florida ballot initiative to legalize recreational cannabis.

Despite these encouraging signals, voters in Florida and South Dakota rejected recreational cannabis initiatives, making 2024 the first year since 2017 in which no new states approved recreational legalization. Nebraska was the sole state to authorize medical cannabis.

A Pew poll conducted in the spring found that more than half of Republicans under 49 support both medical and recreational cannabis legalization.

Expanding Markets and Rising Concerns: State-Level Developments

While federal efforts languished, the cannabis industry made modest strides at the state level. Ohio and Delaware issued their first licenses to recreational dispensaries, following legalization efforts in 2023. Cannabis consumption lounges also gained legal approval in several states, reflecting growing consumer demand for diverse cannabis experiences.

However, the industry's expansion brought heightened scrutiny of product safety. An exposé by the *Los Angeles Times* and Halperin over the summer revealed that many products in California's regulated dispensaries contained concerning levels of pesticides. The revelations underscored ongoing challenges in ensuring product quality and consumer safety, even within regulated markets.

The Hemp Debate: Contaminated Products and Emergency Bans

The legal hemp market also faced intense scrutiny in 2024. Reports of contaminated and mislabeled products, often sold without age restrictions in gas stations or grocery stores, drew widespread concern.

In response, California Governor Gavin Newsom issued an emergency ban on intoxicating hemp products in September, though enforcement has been inconsistent. New Jersey passed a law in October requiring businesses to obtain licenses to sell such products, but a legal challenge resulted in enforcement being put on hold.

Efforts to regulate the hemp market more comprehensively, including provisions in the upcoming Farm Bill, remain stalled at both federal and state levels.

Banking Reform Remains Elusive: The Stalled Safe Banking Act

Financial access for cannabis businesses, a longstanding issue, saw little progress in 2024. The Safe Banking Act, aimed at allowing cannabis companies to access banking services, has languished in Congress for years. A revised version, the Safer Banking Act, also failed to gain traction this year.

What Lies Ahead Under Trump's Leadership?

The cannabis industry is bracing for uncertainty under a new Trump administration. While Trump has shown increased openness to reform, his commitment remains untested, and the Republican Party's leadership continues to oppose significant changes at the federal level.

A second Trump administration could bring unpredictable shifts in cannabis policy, with potential for both incremental progress and continued stagnation.

Looking Forward: A Mix of Optimism and Caution

Despite political setbacks, the cannabis industry continues to grow, innovate, and adapt. Expanding state markets, evolving consumer preferences, and ongoing research into cannabis's medical potential offer reasons for cautious optimism.

However, the path forward remains fraught with challenges. Regulatory delays, inconsistent enforcement, and federal inaction threaten to undermine progress, while safety concerns and market pressures test the industry's resilience.

As 2024 comes to a close, the cannabis community is left reflecting on a year of unfulfilled promise and wondering whether the next chapter will bring meaningful change or more of the same.

