

# Rhode Island Halts New Hemp Licenses Over THC Drink Sales

## Rhode Island Cannabis Control Commission Freezes New Hemp Licenses as State Launches Comprehensive Review of THC Beverages in Bars and Liquor Stores

A recent decision by the Rhode Island Cannabis Control Commission has temporarily halted the issuance of new hemp retailer licenses as regulators conduct a sweeping study into the sale and regulation of THC-infused beverages in liquor stores, bars, and other on-site consumption venues. The move, passed unanimously by the three-member panel during its latest monthly meeting, could delay the approval of ten pending hemp license applications until at least March 2026—or potentially longer.

### Entrepreneurs and Hemp Retailers Caught in Limbo as License Applications Stall

As of last Friday, the Office of Cannabis Regulation had ten pending applications for new CBD or hemp retail and distribution licenses, in addition to one renewal request. The pause directly impacts those applicants, freezing any forward progress as state regulators reassess how intoxicating cannabis-derived products—particularly THC beverages—are sold, distributed, and consumed.

The decision follows growing concerns from lawmakers and cannabis industry stakeholders over the rising popularity of hemp-derived THC drinks in non-cannabis establishments. While these products are technically legal under both federal and Rhode Island state law, their presence in settings traditionally regulated under liquor laws—like bars and restaurants—has raised new questions about oversight, consumer safety, and market fairness.

### Stakeholders Raise Concerns About Disruption, Access, and Fair Competition in the Hemp Beverage Market

Industry professionals and small business owners have voiced their frustration over the commission's decision. For entrepreneurs who have spent months preparing to enter Rhode Island's hemp retail market legally, the freeze presents a significant financial and logistical setback.

Bars and restaurants that already serve THC beverages are also facing uncertainty. These venues, which gained legal permission to sell hemp-derived products containing low levels of delta-9 THC in August 2024, have become key players in the state's growing cannabis-adjacent beverage market. With customers now accustomed to seeing THC drinks on menus and shelves, some business owners fear the pause could disrupt the consumer experience and hinder revenue growth.

Meanwhile, existing cannabis cultivators and licensed dispensaries have raised their own objections—but from a different angle. They argue that hemp-derived THC drinks, most of which are produced out-of-state,

do not face the same testing, labeling, and safety requirements imposed on cannabis products grown and sold through Rhode Island's regulated medical and adult-use programs. These cultivators are concerned that the current system creates an uneven playing field, while also posing potential health and safety risks to consumers.

## **Study Aims to Provide Clear Rules on Dosage, Labeling, and Protecting Public Health**

In response to the growing debate, the Rhode Island General Assembly passed companion resolutions earlier this year requesting a formal study on hemp-derived THC beverages. The study, now underway, will focus on establishing appropriate guidelines for product dosage, labeling requirements, packaging standards, and retail licensing conditions. Lawmakers are especially concerned about protecting children from accidental consumption and ensuring that all THC-containing products—whether sold in a dispensary or a bar—meet consistent safety and quality standards.

The study has been incorporated into the state's fiscal year 2026 budget, which took effect on July 1. It mandates that the Cannabis Control Commission consult with medical professionals and state agencies, including the Department of Health, the Department of Revenue, and the Department of Business Regulation. The commission is expected to present its findings and policy recommendations to lawmakers by March 1, 2026.

To support the study's implementation, the budget also granted the Cannabis Control Commission new authority to suspend and manage hemp licenses—power that was previously held by the Department of Business Regulation before oversight responsibilities shifted to the newly established Cannabis Office.

## **Pause on Hemp Licenses Signals Broader Reconsideration of On-Site THC Consumption Rules**

While the current freeze specifically targets hemp retail and distributor licenses, it may also signal a broader policy reconsideration regarding social cannabis consumption in Rhode Island. Officials have acknowledged that the rising popularity of THC beverages in public venues is pushing the state to consider new frameworks for regulating cannabis in on-site consumption settings, such as the potential creation of cannabis cafes.

Regulators say that these emerging business models present unique policy challenges and require thoughtful, well-researched rules before any new licenses are granted. The intersection of cannabis and alcohol—two heavily regulated industries—adds another layer of complexity to crafting effective and enforceable laws.

## **Science and Safety Challenges Complicate Oversight of Hemp-Derived THC Drinks**

One of the biggest regulatory hurdles facing THC-infused beverages is the inconsistency in how they're manufactured and tested—especially since many originate from out-of-state producers. According to Stuart Procter, co-founder and lab director at PureVita Labs, ensuring the potency and safety of THC drinks is difficult unless products are verified through state-certified laboratories.

Procter explained that unlike traditional cannabis edibles, hemp-derived drinks require a specialized emulsifier to evenly disperse THC in a liquid format. Improper emulsification can result in unpredictable potency, especially when the product is subjected to changes in temperature or storage conditions. This variability poses risks to consumers who may unknowingly ingest significantly more or significantly less THC than what is stated on the label.

As such, one major goal of the commission's study will be to establish quality control standards that apply uniformly across the industry, regardless of whether a product is hemp- or cannabis-derived.

## **Federal and State Cannabis Law Divide Adds to Regulatory Complexity**

At the heart of the issue lies the legal grey area created by the 2018 federal Farm Bill, which legalized hemp and its derivatives, including delta-9 and delta-8 THC, provided they are sourced from hemp and remain under the 0.3% THC threshold by dry weight. However, advances in chemical conversion techniques have allowed processors to produce intoxicating THC levels from otherwise non-psychoactive hemp—creating products that mimic those sold in state-regulated dispensaries but without the same oversight.

This loophole has led to a surge in THC beverage sales in states like Rhode Island, where regulatory frameworks for adult-use cannabis are still being finalized. With no federal standards in place, states are left to navigate the murky space between consumer access, public safety, and market integrity.

## **Next Steps for Hemp Retail Applicants and the Broader Rhode Island Cannabis Industry**

For the ten applicants currently awaiting hemp licenses, the commission's decision means more months of waiting with no guarantee of approval. If the study proceeds on schedule, recommendations will be submitted to lawmakers by March 2026, potentially unlocking the door for new applications sometime thereafter. However, given the complexity of the issues and the likelihood of additional legislative review, further delays are not out of the question.

In the meantime, regulators and lawmakers will continue to weigh competing interests from entrepreneurs, cannabis cultivators, public health advocates, and consumers as they chart the future of hemp and THC-infused beverages in Rhode Island.

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