

Trump Signs Bill Starting Countdown to Federal Hemp THC Ban

Federal Hemp THC Ban Signed into Law: \$28 Billion Industry Faces Shutdown in 364 Days

WASHINGTON, D.C. — The federal government is officially reopening, but for America's hemp industry, the countdown to prohibition has begun.

Late Wednesday night, President Donald Trump signed a massive spending package to end the longest government shutdown in U.S. history. Buried in that package was a clause that effectively outlaws hemp-derived THC, redefining hemp itself and closing what lawmakers have called the "Farm Bill loophole."

Within 364 days, nearly every hemp-derived intoxicant from Delta-8 and Delta-10 to THCA flower and synthetic cannabinoids will become federally illegal. Industry analysts estimate the ban could erase \$28.3 billion in annual economic activity, shuttering thousands of small businesses across all 50 states.

How the "Hemp Loophole" Became a Political Flashpoint

Since Congress passed the 2018 Farm Bill, which legalized hemp containing less than 0.3% Delta-9 THC, the market for alternative intoxicants has exploded. Manufacturers found ways to legally extract and synthesize cannabinoids like Delta-8 THC chemically identical to marijuana derived compounds but derived from hemp.

The result was an unprecedented gray market: psychoactive hemp gummies, vapes, and beverages sold online and in gas stations nationwide often outside state-regulated cannabis programs.

That growth, however, sparked backlash from multiple corners:

- **Licensed cannabis companies** saw hemp operators as competitors skirting regulations and taxes.
- **Public health and law enforcement officials** raised alarms about untested products reaching minors.
- **Alcohol and pharmaceutical lobbies** pressed Congress to rein in hemp's rapid market capture.

The outcome: a rare bipartisan consensus to end intoxicating hemp sales altogether.

Only Two Republicans Vote to Save Hemp-Derived THC

The House approved the spending bill and the hemp ban by a wide margin.

"This closes the hemp loophole that's resulted in unregulated intoxicating hemp products being sold in corner stores across the country," said Rep. Andy Harris (R-MD), the measure's chief sponsor.

Just two Republicans opposed the measure: Rep. Thomas Massie (R-KY) and Rep. Greg Steube (R-FL).

Despite dissent from hemp-friendly lawmakers, President Trump's signature makes the measure official. A White House official told NBC News earlier this week that Trump "supports the hemp restrictions."

Hemp Industry Faces Collapse and Cannabis May Not Benefit

The ban applies to all hemp-derived products containing more than 0.3% total THC on a dry weight basis or more than 0.4 milligrams per package effectively eliminating intoxicating edibles, beverages, and vapes.

For hemp businesses in states like Kentucky, Texas, and Florida, this means a near-total shutdown.

"This gives us 365 days until all hemp products, including CBD oils, become Schedule I narcotics," said Jim Higdon, co-founder of Cornbread Hemp. "Our farming partners require certainty to plan next year's crop without that, all hope for rational cannabis laws will vanish."

Even licensed marijuana operators (MSOs) like Curaleaf Holdings may face fallout. Many MSOs diversified into hemp-derived wellness or beverage products. The new ban could force them to divest or shut down those lines entirely.

Closing the THCA and Synthetic Cannabinoid Loopholes

That wording eliminates both THCA flower and synthetic cannabinoids such as THC-P and HHC, which have dominated convenience-store shelves.

"The intoxicating hemp marketplace is rife with bad actors peddling synthetic drugs under the guise of hemp," said Chris Lindsey, VP of Policy and State Advocacy at the American Trade Association for Cannabis and Hemp (ATACH), which supported the ban.

Lindsey added that the measure "creates legal parity" between intoxicating hemp and marijuana both now treated as controlled substances under Schedule I.

Last Ditch Efforts to Stop the Ban Fail in Congress

Hemp advocates fought until the last minute to remove the ban language.

In the Senate, Sen. Rand Paul (R-KY) one of hemp's strongest defenders proposed an amendment stripping the ban from the final spending package. It failed after eight Democratic senators crossed the aisle to support the Republican-led bill.

Legal Ambiguity Looms: Enforcement, Taxes, and Federal Overlap

Even as the hemp industry braces for impact, legal experts say enforcement could prove complicated.

Since state-regulated marijuana programs already operate in defiance of federal law, it's unclear whether the DEA or FDA will actively police hemp THC sales.

However, reclassifying hemp-derived THC as Schedule I brings new burdens:

- Businesses would face punitive tax treatment under IRC Section 280E.
- Interstate sales and shipping would become criminal offenses.

- Financial institutions would retreat from hemp-related accounts, worsening access to banking and capital.

What Comes Next: A Fight to Delay or Redefine

The hemp industry now has one year to either negotiate a regulatory alternative or face extinction.

Advocates are already lobbying for a new bill through the House Energy & Commerce Committee to exempt non-intoxicating cannabinoids like CBD and regulated hemp beverages from the ban.

“If Congress won’t fix this, the courts might have to,” said Higdon. “But the clock is ticking.”

Key Takeaway

The 2018 Farm Bill once symbolized bipartisan progress and agricultural innovation. Now, just seven years later, the same plant that launched an industry will return to the black market.

The hemp ban doesn’t just outlaw cannabinoids — it undermines confidence in consistent, science-based policy.

For now, the message from Washington is clear:

The hemp experiment is over. The countdown to prohibition has begun.

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