

Breaking Point for Cannabis Industry: Billions in Potential Revenue

In particular avoiding framing “intoxicating hemp” as an adversary to regulated cannabis. Hemp products have become regulated in a variety of states, and perpetuating that distinction has proven to be particularly counterproductive in progressing cannabis policy. With the hemp ban clock in place, now is the time to act in unity as a collection of good cannabis actors, regardless of the marijuana/hemp distinction.

The Cannabis Industry Is at a Breaking Point Smart Policy Could Unlock Billions in Jobs and Tax Revenue

Demand for cannabis in the United States has never been higher. Over 42% of adults used cannabis in 2023, and legal states generated more than \$2.5 billion in tax revenue, including \$1.1B in California and more than \$400M in Illinois and Michigan.

But despite record consumption, legal operators are struggling. Farms are collapsing, retailers are barely profitable, and investors are leaving the sector. Meanwhile, illicit operators and unregulated intoxicating hemp continue to dominate sales.

This isn't a failure of the product. It's a failure of the framework around it.

A High-Potential Industry Stuck in Neutral

Cannabis already employs more than 440,000 Americans, more than dentists or electrical engineers. With modernized policy, access to banking, and tax equity, the industry could easily exceed one million jobs, spanning cultivation, manufacturing, retail, labs, distribution, logistics, security, and financial infrastructure.

But meaningful growth is blocked by barriers no other industry faces.

Billions in Tax Revenue Lost Every Year

States have already proven cannabis can be a reliable tax engine. But at the federal level, revenue is leaking because:

- 280E prevents operators from deducting ordinary business expenses
- Effective tax rates often reach 60–70%
- State and local taxes can add another 25–40%
- Intoxicating hemp (Delta-8, THCA flower, etc.) is sold nationwide with no testing, no age-gating, and no tax collection

If cannabis were descheduled and taxed fairly, federal analysts estimate more than \$100B in tax revenue over the next decade. Instead, the majority of this money flows into the illicit and hemp markets.

Illicit Stores and Hemp THC Are Undercutting Licensed Operators

In many states, unlicensed shops outnumber legal ones. At the same time, intoxicating hemp products chemically similar to THC are sold openly in gas stations and convenience stores with none of the compliance obligations placed on cannabis businesses.

Legal operators are competing against sellers who:

- Pay no taxes
- Avoid testing and packaging requirements
- Don't verify age
- Can price products 30–50% lower
- Face little or no enforcement

No compliant business can win in that environment.

Why Legal Operators Are Failing Even With Strong Demand

Across the supply chain, operators face intense and interconnected pressures:

- Extreme tax burden due to 280E
- Oversupply in some states and limited shelf space in others
- Regulatory inconsistency and weak enforcement
- No institutional capital or traditional banking access
- Price pressure from intoxicating hemp and the underground market

Demand isn't the issue. The system is.

What the Industry Needs Now

For the legal cannabis market to survive and scale, three things must happen:

1. Modernized federal policy that includes descheduling, tax parity, and regulations for intoxicating hemp
2. Real consequences for noncompliant operators at the state and local level
3. Accurate, real-time financial and inventory systems to protect margins and maintain compliance

Even with improved policy, cannabis remains a low margin, high-risk business. Operators who thrive are the ones who implement strong financial controls and disciplined operations.

How Tuross Group Supports Operators

Tuross Group provides the financial infrastructure operators need to stay compliant, profitable, and audit-ready. With a team of 45 finance and accounting professionals serving cultivation, manufacturing, distribution, and retail clients, we help operators protect cash, inventory, and margins in a complex industry.

We support operators through:

- Real-time financial visibility via 24-hour-current reporting
- Integrated reconciliation of POS, METRC/BioTrack, and inventory systems
- Protocols that reduce cash theft, product loss, and operational gaps
- Accurate 280E and 471(c) tax strategy
- Clear insight into cash flow, margins, and compliance exposure

- Investor-ready books and records that withstand scrutiny

In a market defined by volatility and thin margins, strong financial controls are not optional. They are the foundation of survival and scale.

Tuross Group helps operators gain clarity, maintain compliance, and strengthen their financial position so they can compete in a landscape where the rules are constantly changing.

For more information contact at info@cannabisriskmanager.com

Email: info@cannabisriskmanager.com | Phone: +415-226-4060

© Copyright 2025 Cannabis Risk Manager. All Rights Reserved