

Proposed Texas THC Rules Put \$5.5 Billion Hemp Market at Risk

A new set of draft THC regulations in Texas is raising serious concerns across the state's hemp industry, threatening a market estimated at **\$5.5 billion**. While regulators position the proposal as a necessary public health measure, industry participants argue the rules could fundamentally disrupt — and potentially contract — a sector that has operated under existing state law.

Industry Opposition Emerges at Public Hearing

During a **Jan. 9 public hearing**, hemp retailers, manufacturers, consumers, and advocates expressed widespread opposition to the proposed framework. Many participants emphasized that the rules go beyond oversight and instead introduce structural barriers that could be difficult for small and mid-sized businesses to absorb.

Key concerns centered on cost, regulatory interpretation, and the long-term viability of compliant hemp operators. Stakeholders warned that, taken together, the provisions could significantly reduce participation in the legal hemp market.

Higher Licensing Fees Raise Market Access Concerns

One of the most debated aspects of the proposal is a **substantial increase in licensing fees**. Industry representatives argue that elevated costs could disproportionately impact independent businesses while favoring larger, better-capitalized operators.

For many existing license holders, the issue is not opposition to regulation itself, but the cumulative financial burden. Businesses that have already invested in testing, labeling, and compliance infrastructure say higher fees could undermine the economic assumptions under which they originally entered the market, potentially reshaping competition statewide.

THCA Measurement Sparks Legal and Regulatory Debate

Another central issue involves how **THCA** is treated under the draft rules. The proposal would calculate THCA levels before heating, a methodology that critics say effectively restricts products that were previously lawful under Texas statute.

Opponents argue that this interpretation changes the scope of what is considered compliant hemp without legislative action. Legal observers note that such an approach could invite challenges, particularly if courts view the rule as redefining, rather than enforcing, existing law.

Public Health Advocates Support Stricter Safeguards

Not all feedback opposed the proposal. Public health advocates and medical professionals urged regulators to adopt stronger **packaging and labeling requirements**, particularly for edible products.

Supporters emphasized the need for clearer warnings indicating that THC products may be habit-forming and can take hours to produce effects. They also highlighted concerns about edibles that resemble candy or snacks, arguing that more visible labeling could help prevent accidental consumption, especially in households with children or elderly caregivers.

Regulatory Timeline Remains Uncertain

Although the rules could technically take effect as soon as this month, regulators have indicated that revisions remain possible following public feedback. The final outcome will depend on whether adjustments are made to address economic, legal, and public health concerns raised during the hearing.

For now, the Texas hemp industry remains in a state of uncertainty, balancing regulatory risk against public safety objectives. How the final regulations are structured may determine whether the market stabilizes under tighter controls or enters a period of accelerated contraction.

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