

PUSHING PROGRESS

HEMP INDUSTRY WORKING GROUP ADDRESSES 2026 LEGISLATIVE AND POLICY CHALLENGES

Developed by an ad hoc coalition of hemp associations to outline a unified framework for lasting, cross-agency hemp policy.

COORDINATING FEDERAL HEMP POLICY

Recent congressional and executive actions make clear that federal hemp policy has reached an inflection point. Appropriations language introduced by Senator Mitch McConnell seeks to restore clarity and enforcement discipline by defining industrial hemp and imposing a strict total THC per container limit, reflecting the original intent that hemp legalization was never meant to introduce impairing products into the marketplace. Shortly thereafter, executive action by President Donald Trump acknowledged the documented medical value of cannabinoids and directed federal agencies and Congress to pursue a science-based, comprehensive approach to managing products such as CBD. Together, these actions signal a shared federal objective: establish clearer guardrails for hemp while preserving lawful agricultural and consumer markets grounded in evidence and public safety.

Absent coordinated implementation, however, the current policy posture poses significant risk to the industry, as the congressional and executive signals now in place are, as written, partially contradictory in their objectives and downstream effects. While the appropriations language may eliminate intoxicating products of concern, it also collapses the non-impairing cannabinoid supply chain and risks inadvertent harm to long-standing hemp food ingredients, outcomes that were not intended. As currently structured, the appropriations language set to take effect on November 12, 2026 would also make the Administration’s stated goal of supporting cannabinoid based health and wellness options, including for Medicare recipients, functionally unattainable.

Impairing hemp beverages were a focal point of the appropriations debate, and they represent a new and unforeseen evolution of the industry. While these products are not the primary focus of our advocacy, consumer demand is substantial and accelerating, with 2026 sales estimated at \$1.1 billion. As Americans continue to reduce alcohol consumption, low-dose hemp beverages are increasingly viewed as a viable alternative, with some experts projecting a \$30–40 billion category if a responsible federal pathway is established. If permitted, this category presents a meaningful opportunity for clearly defined federal oversight and excise tax revenue comparable to other impairing products—providing a potential funding stream that could support broader affordability and public health priorities—while ensuring these products are sold only within a highly controlled and enforceable regulatory structure.

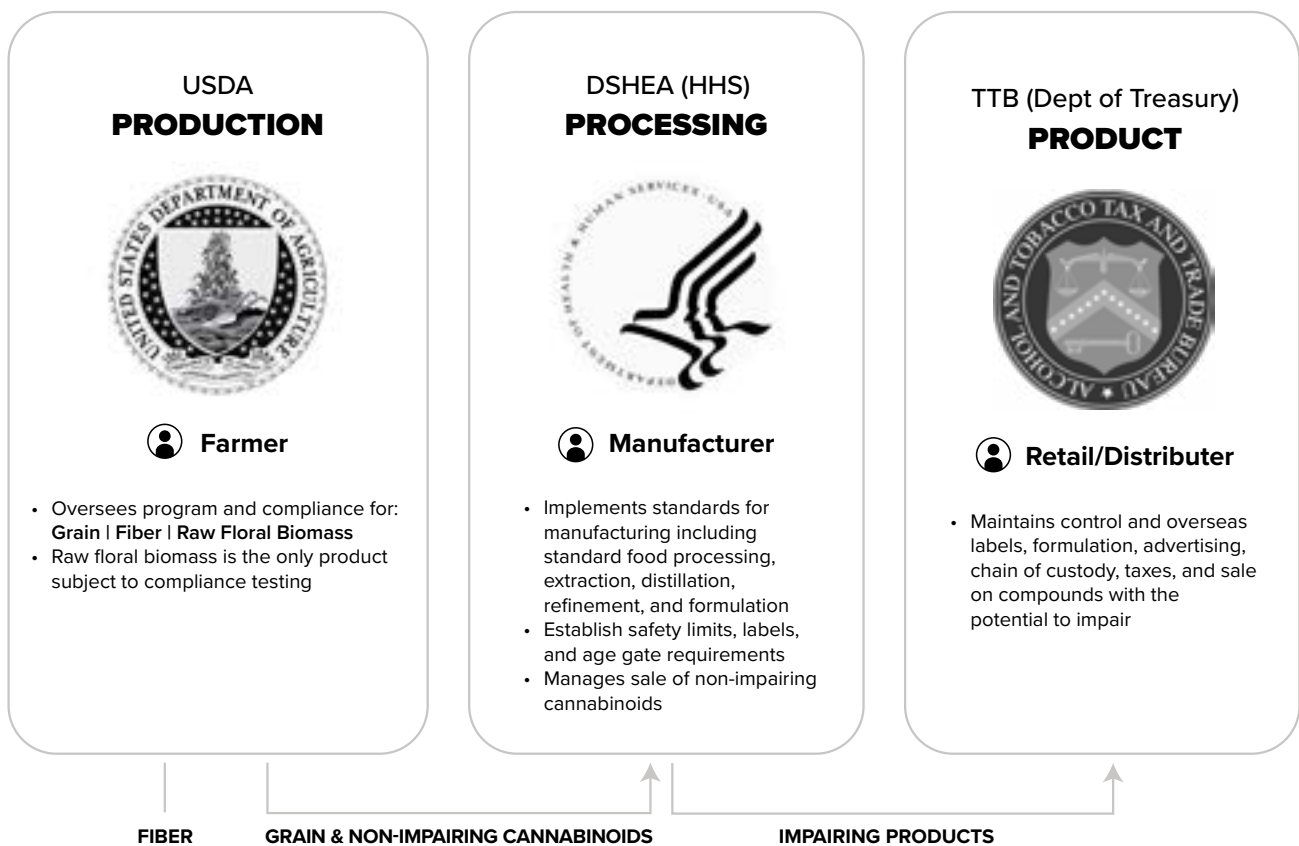
Over the past year, this ad hoc working group has engaged extensively across Congress and the Administration to stress test and refine the Pushing Progress framework. We have worked directly with House and Senate offices across Agriculture, Health and Human Services, and Judiciary to advance a coordinated regulatory approach that aligns agricultural oversight, consumer protection, and enforcement responsibility—without creating new bureaucratic structures. In parallel, we have held substantive discussions with legal and policy staff at the Food and Drug Administration and the U.S. Department of Agriculture regarding practical implementation under existing statutory authorities. Feedback has been consistently constructive, with stakeholders noting the framework’s first-of-its-kind, supply chain-wide approach and grounding in real world operations.

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A CLEAR PATH FORWARD

Pushing Progress advances a practical, three-pronged regulatory approach that leverages existing federal authorities to deliver durable hemp policy across the full supply chain:

- **USDA** oversight of hemp cultivation and production, based on intended end use, to lessen unnecessary regulatory burdens on grain and fiber farmers, provide certainty to growers, and support hemp’s development as a scalable agricultural commodity and rural infrastructure investment.
- **FDA** oversight of non-impairing cannabinoid products by leveraging the existing **DSHEA** dietary supplement framework to establish timely, science-based standards that meet responsible manufacturers where they are today—protecting consumer safety while avoiding unnecessary market disruption or delay.
- **Alcohol and Tobacco Tax and Trade Bureau** oversight of impairing hemp beverages, if such products are to have a place in the market, ensuring appropriate controls, clear enforcement authority, and the same compliance and excise tax obligations applied to other impairing products, including equitable contribution of federal revenue.



PILLAR 1 - ROLE OF USDA IN HEMP CULTIVATION AND OVERSIGHT

Amend Section 297A of the Agricultural Marketing Act of 1946 to create sub definitions of hemp

(1) HEMP.-

- A. **FLORAL HEMP.** The term “floral hemp” means the plant *Cannabis sativa* L. and any part of that plant, including the seeds thereof and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, with a total delta-9 tetrahydrocannabinol concentration of not more than 1 percent on a dry weight basis.
- ii. Floral hemp does not include any cannabinoids, isomers, acids, salts, or salts of isomers not derived from, or with a molecular structure that does not naturally occur in, the plant *Cannabis sativa* L.
 - iii. **TOTAL DELTA-9 TETRAHYDROCANNABINOL.** The term “total delta-9 tetrahydrocannabinol” means the total potential delta-9-tetrahydrocannabinol content of the dried hemp plant material, expressed as the sum of the measured delta-9-tetrahydrocannabinol (THC) and the amount of THC that would be produced from the complete decarboxylation of tetrahydrocannabinolic acid (THCA). For analytical assessment of plant material, Total delta-9 THC may be calculated as: $\text{Total THC} = \text{THC} + (\text{THCA} \times 0.877)$ or by using an equivalent validated decarboxylation-correction factor appropriate to the testing method.
- B. **INDUSTRIAL HEMP.** The term “industrial hemp” means the plant *Cannabis sativa* L. —
- i. grown for the use of the stalk of the plant, fiber produced from such a stalk, or any other non-cannabinoid derivative, mixture, preparation, or manufacture of such a stalk;
 - ii. grown for the use of the whole grain, oil, cake, nut, hull, or any other non-cannabinoid compound, derivative, mixture, preparation, or manufacture of the seeds of such plant;
 - iii. grown for purposes of producing microgreens or other edible hemp leaf products intended for human consumption that are grown from a hemp seed or an immature hemp plant; or
 - iv. grown for the use of viable seed of the plant produced solely for the production or manufacture of any material described in subparagraphs (i) through (iii).
 - v. Industrial hemp does not include “floral hemp” as defined in paragraph (A).
- C. **RESEARCH HEMP.** The term “research hemp” means floral hemp or industrial hemp that does not enter the stream of commerce and is intended solely to support hemp research at an institution of higher education (as defined in section 101 of the Higher Education Act of 1965 (20 U.S.C. 1001)) or an independent research institute.

NEXT STEPS

USDA Regulatory Framework

- State and Tribal Plans and USDA Plan and licensing requirements in accordance with 2018 Farm Bill authority:
 - Add requirement for designation of type(s) of production based on above definitions. Licensees can hold licenses for multiple types of production.
- Inspections and Pre-Harvest Sampling and Testing for Floral Hemp in accordance with current federal (and State and Tribal Plan) compliance sampling and testing requirements:
 - Notably, compliance sampling and testing for “floral hemp” cultivated for the use of raw floral biomass, including inflorescences, flowers, and leaves, for the use, extraction, or manufacture of cannabinoids, terpenes, essential oils, aromatic compounds, or other phytochemical compounds.
 - “Floral hemp” also includes crops grown for dual or tri-purposes including floral production.
- Inspections and Pre-Harvest Sampling and Testing for Industrial Hemp and Research Hemp as outlined in H.R. 8467, Sec. 10006., Farm, Food, and National Security Act of 2024:
 - Compliance inspections and sampling procedures include performance-based sampling, visual inspections, certified seed, or similar procedures.
 - “Research Hemp” includes breeding by institutions of higher education and independent research institutes. “Independent research institutes” includes private companies with a research hemp license.
- Maintain enforcement authority:
 - Ineligibility periods
 - Reporting to Law Enforcement and Attorney General
- Maintain transportation protections
- Authorize laboratory accreditation by USDA, in coordination with DEA

Senate and House Agriculture Committee Directives to Senate Health Education Labor & Pensions (HELP) Committee and House Energy & Commerce (E & C) Committee to work on a comprehensive intermediate hemp-derived cannabinoid product and final hemp-derived cannabinoid product regulation bill. See Pushing Progress Proposal.

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PILLAR 2 – ROLE OF FDA IN MANUFACTURING AND CONSUMER OVERSIGHT

Pillar 2(A) – FDA: Manufacturing and Final Form Sale of Food Products

- Require FDA to maintain its acknowledgment of prior GRAS applications for hemp seed, oil, protein, heart, and hull ingredients
- Direct FDA-CVM to approve hemp grain products for use in feed and products specifically intended for companion animals and non-food-producing animals, including horses, consistent with the fact that these ingredients would have been considered generally recognized as safe and effectively grandfathered prior to enactment of the Food, Drug, and Cosmetic Act.
- Ensure FDA rule-making includes safety, labeling, and marketing standards consistent with consumer protection and public health.

Pillar 2(B) – FDA: Manufacturing and Final Form Sale of Non-impairing Cannabinoids

- Create definition of non-impairing cannabinoids and establish serving limits for total cannabinoids and allowable THC that are based on validated research through scientific experts (e.g. NCCRE, AHPA)
 - Definition is restricted to cannabinoids that naturally occur in the hemp plant, and the use of natural extracted and/or semi-synthetic pathways for the creation of cannabinoids that leverage naturally derived cannabinoids as starting material
- Amend Food, Drug & Cosmetic Act to allow for non-impairing cannabinoids as an appropriate dietary ingredient for dietary supplements specifically addressing drug preclusion and safety parameters
- Non-impairing hemp-derived cannabinoid ingredients follow DSHEA dietary supplement labeling standards, and cGMP requirements for dietary supplements
- Ensure FDA rule-making includes safety, labeling, and marketing standards consistent with consumer protection and public health.

General safety standards all agree on:

- 1) 21+ age gating
- 2) clear and accurate labeling
- 3) mandatory independent third-party testing from accredited laboratories

Importance of DSHEA:

- **Dietary Supplement Health & Education Act:** Passed in 1994, has served as the foundation regulation that governs dietary supplements. Consumers understand dietary supplements - \$70B industry in US in 2024.
- **Hemp Industry Adoption:** Many responsible hemp industry businesses are already leveraging dietary supplement framework in their formulations, labeling and manufacturing processes.
- **Non-Impairing Formulas:** Non-impairing CBD as a dietary ingredient would allow its inclusion with other complementary botanicals (turmeric, valerian, lemon balm, etc.)
- **Claims & cGMPs:** Dietary supplements provide pathways for claims & good manufacturing practices, adverse event reporting and more

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PILLAR 3 – ROLE OF TTB IN IMPAIRING HEMP PRODUCTS

- Assign TTB as the lead regulator for impairing cannabinoid products in coordination with FDA for ingredient, health and labeling standards.
 - FDA to provide approval for use of impairing cannabinoid ingredients that TTB will use for review/approval of impairing cannabinoid beverage formulas
 - Establish minimum age (21+), serving limits, QR-code disclosure, and child-resistant packaging requirements.
 - Provide excise tax authority and state coordination mechanisms similar to alcohol distribution systems.
 - Ensure DEA retains authority over artificial cannabinoids not naturally occurring in hemp under the Controlled Substances Act.
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WHY THIS FRAMEWORK BRINGS A SOLUTION

PROBLEMS ADDRESSED/SOLVED:

X Problem: OVERBURDENSOME REGULATION FOR INDUSTRIAL HEMP FARMERS

✓ **Solution:** Establish a bifurcated licensing framework that distinguishes industrial hemp grown for grain and fiber from cannabinoid production. This allows regulators to streamline compliance, reduce unnecessary testing and reporting, and manage industrial hemp as a traditional agricultural commodity under USDA oversight.

X Problem: SINGLE DEFINITION OF HEMP LEADING TO MARKET CONFUSION AND UNCERTAINTY

✓ **Solution:** Establish separate sub-definitions for Industrial Hemp and Floral Hemp so each sector can be regulated with the appropriate level of oversight. This provides clarity, derisks investment in low-risk agricultural production, and ensures targeted support, compliance, and market development for both pathways.

X Problem: PURPOSEFUL MISINTERPRETATION OF HEMP DEFINITION TO MARKET MARIJUANA AS HEMP

✓ **Solution:** Clarify statutory definitions to close the loophole created by the 2018 Farm Bill's 0.3% Δ9-THC standard, which some operators exploit to market high-THCA or marijuana-derived products as "hemp." Adopt a Total THC compliance metric and direct agencies to regulate cannabinoid products based on actual impairment potential to preserve Congressional intent and protect lawful markets.

X Problem: THCA FLOWER ENTERING MARKET UNDER PRE-HARVEST TESTING

✓ **Solution:** Maintain pre-harvest sampling requirements to reduce complications for on-farm inspections and align with existing compliance systems. However, update the compliance threshold to 1.0% Total THC to prevent production and sale of high-THCA floral material that ultimately yields impairing products when decarboxylated.

X Problem: THE SALE OF IMPAIRING PRODUCTS FROM HEMP DERIVED INGREDIENTS

✓ **Solution:** Establish TTB as the primary jurisdictional authority over final-form impairing hemp products, requiring consultation with FDA consistent with DSHEA and direct TTB to promulgate regulations on permissible limits, manufacturing standards, labeling, and age restrictions for impairing product.

X Problem: NO DEFINED REGULATORY FRAMEWORK FOR NON-IMPAIRING CANNABINOID PRODUCTS

✓ **Solution:** Direct FDA to regulate non-impairing hemp-derived cannabinoid products under an existing consumer-safety framework, establishing clear safety thresholds, good manufacturing practices (GMPs), labeling standards, and post-market oversight. This provides regulatory certainty for products already on the market, protects consumers, and avoids unnecessary creation of a new cannabis-specific regime for low-risk, non-intoxicating ingredients.

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