

Strengthening the U.S. Hemp Industry

Regulate Cannabinoids. Tax THC. Reinvest into Industrial Hemp Markets.

Industry Needs

- Regulated and taxed cannabinoid market that aligns with consumer demand
- \$50M to fund animal feed trials for FDA approval¹
- Financial incentives to grow grain and fiber markets

Farm Revenue²

- Floral Material (Cannabinoids) : \$3/lb
-represents 97% of U.S. farmed hemp³
- Grain: \$0.60/lb
- Stalk (Fiber): \$0.08/lb

Consumer Demand

- Overwhelming public support in favor of full spectrum products with THC
- Full Spectrum products containing THC account for 95% of market demand⁴
-represents **est \$50B** in revenue⁵

“Prohibition will prove unsuccessful in controlling the problem... unless such a system has behind it overwhelming public support.” • Fosdick & Scott, Toward Liquor Control

Why will 0.4mg THC per container fail?

- The population demands different.
- Enforcement will be more challenging than if it were regulated and taxed.
- A 0.4mg THC limit will expand deceptive trade practices, promoting an illicit black market and foreign imports while **forgoing safe access, U.S. agricultural growth and tax revenue.**

“Restrictive laws which cannot be enforced achieve success only on paper. More than that, they defeat their fundamental purpose.” • Fosdick & Scott, Toward Liquor Control

Solution - Responsible Growth

Phase One - Extend the Nov 12, 2026 deadline



Modernize
Hemp
Definitions



Protect the
U.S. Hemp
Supply Chain



Prevent
Deceptive Trade
Practices



Safeguard
State's
Rights



Formalize
Medicaid
Markets

Phase Two - Federally regulate, license and tax products



Establish
Federal Labeling
Requirements



Enact Federal
Licensing with
State Regulations



Apply Liquor
Laws to
Beverages



Protect
Interstate
Commerce



Tax THC and
Reinvest into
Industrial Uses⁶

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State Regulatory Frameworks Work

Kentucky serves as model for state regulatory control over hemp products. Kentucky's program:

- Regulates beverages like alcohol
- Taxes finished products at wholesale
- Mandates third-party testing
- Aligns farming with USDA standards
- Requires licensing across the supply chain
- Audits Good Manufacturing Practices
- Requires product registrations
- Prohibits deceptive labeling

Toward THC Control

In 1933, J.D. Rockefeller commissioned a policy study to understand the most effective structure for regulating alcohol, which included tax policy. The authors, Raymond Fosdick and Albert Scott, suggested a balanced policy that encourages revenues while implementing social controls that promote safe consumption and discourage illicit trafficking.

"The tax on spirits [THC] should not leave the bootlegger too large a profit margin."

- Fosdick & Scott, Toward Liquor Control

Federal Tax Parity with Spirits and Nicotine⁶

Considering a balanced policy, basing the THC tax on a standard serving size by format, and achieving parity with spirits and nicotine, the following federal tax rates are recommended:

Beverages	Edibles	Inhalables
\$0.0252/mg THC	\$0.0126/mg THC	\$0.00485/mg THC

Tax THC to Grow Hemp Agri-Businesses

Use THC tax revenue to incentivize grain, fiber and other novel hemp markets. This will lower production costs and expand market opportunities driving rural economic growth.

- Animal Feeds
- Sugars
- Omega-3
- Proteins
- Minerals
- Dietary Fiber
- Filtration media
- Pesticides
- Textiles
- Insulation
- Plastics
- Hygiene Products
- Flooring & Walls
- Panels & Composites
- Supercapacitors
- Graphene Precursors

...and more

Sources: 1) Hemp Feed Coalition 2) Kentucky Current Market Conditions Survey 3) Kentucky Department of Agriculture, 2025 4) Whitney Economics 5) Whitney Economics 6) Finished Product THC Taxation Analysis, 2026 White Paper 7) Fosdick & Scott, Toward Liquor Control. 1933 - a highly influential book commissioned by John D. Rockefeller, Jr. to guide U.S. alcohol policy after Prohibition's repeal. Its recommended framework shaped modern alcohol regulation.



KENTUCKY HEMP
ASSOCIATION