

The Truth about "Hemp" & Texas Senate Bill 3

Executive Summary

State and federal lawmakers never intended to create a vast illicit psychoactive substance market when they sought to create a new cash crop for farmers called "hemp." Bad actors have continued to exploit purported loopholes in the law to sell clearly illegal THC products. SB 3 seeks to set the record straight and reaffirm that all products containing THC should be clearly banned, as was the original intent of lawmakers. Not only does SB 3 solve the illicit "hemp" issue with clarity and finality, SB 3 does so while having limited impacts on the Texas economy – particularly the agricultural industry. Virtually all Texas farmers will experience little to no disruption in their businesses if Senate Bill 3 becomes law this session.

2018 Federal Farm Bill ("AIA")

In December 2018, President Trump signed into law the Agriculture Improvement Act of 2018 (called the "2018 Farm Bill" / "AIA"), which, among other things, defined the term "hemp" and legalized the production of hemp by creating a new Subtitle G "Hemp Production" under 7 U.S.C. Section 1621 et seq.¹

The intent of the 2018 Farm Bill was relatively simple: to facilitate the creation of an industrial hemp market in the United States. This is highlighted in the very motto used in the campaign to pass the 2018 Farm Bill – **"rope not dope"**,² a parlance for the use of hemp fiber in colonial days to make rope, canvas, clothes and other items. In fact, items such as fiber and sterilized seeds from the cannabis plant, as well as any manufacture of such items, were already exempt from the definition of marijuana in 2018. Congress just needed legislation to allow farmers to grow such plants, and bifurcate low potency cannabis (to be named "hemp") from high potency cannabis ("marijuana"), despite both hemp and marijuana being of the exact same species of flowering plant – cannabis sativa.

Therefore, the 2018 definition of "hemp" was introduced, wherein hemp was separated from marijuana based on the delta-9 tetrahydrocannabinol (Delta-9 THC) potency of the substance (less than 0.3%), thus allowing farmers to produce such a crop legally before turning it into an industrial product. Additional language was included regarding decarboxylation testing to ensure that marijuana, which primarily contains THCA (the immediate precursor to Delta-9 THC) was prohibited. The definition also, somehow, included extracts and derivatives of cannabis under 0.3% Delta-9 THC - meaning that a discussion about "hemp" could be referring to a plant, an extract, seeds, etc. - all with the same term.

Insight as to the legislative intent of the AIA and the understanding of elected officials at the time shows Congress did not pass the AIA with the intent of circumventing the Controlled Substances Act through the creation of an illicit THC market. According to the Senate sponsors of the bill from Oregon and Kentucky:

- Senator Ron Wyden (OR): "...the only thing you're going to accomplish by smoking hemp is wasting breath, time and lighter fluid..."
- Senator Rand Paul (KY): "...he was very concerned that people could smoke hemp and get high (you can't) ..."

State Plans Under AIA

Under the enacted AIA, a state that wished to have primary regulatory authority over hemp was required to submit a plan to the U.S. Department of Agriculture for approval. The plan had to meet certain requirements, such as establishing protocols for testing the Delta-9 THC concentration of hemp, background checks, and conducting inspections of hemp producers to verify that hemp is not produced in violation of federal law.



Any hemp "...exceeding the acceptable hemp THC level constitutes marijuana, a Schedule I Controlled Substance..."

To ensure that marijuana could not be grown for recreational use, rules adopted by the Secretary of Agriculture for state plans later amended the Delta-9 THC requirements to stipulate that operators must report "...total available THC derived from the sum of the THC and THCA content...", and furthermore stating that any hemp "...exceeding the acceptable hemp THC level

constitutes marijuana, a Schedule I Controlled Substance..."

Notably, the AIA specifically stipulated that states could pass laws more stringent than Subtitle G, up to and including a complete prohibition on hemp production.

FD&C Act & Food Products

It is important to note that the 2018 Farm Bill explicitly did not authorize the manufacturing, distribution and sale of food products containing intoxicating and hallucinogenic compounds such as tetrahydrocannabinol (THC) (the main psychoactive sourced from marijuana after conversion from THCA). As stated by the Congressional Research Service:

The 2018 Farm Bill addressed hemp cultivation only... [and] did not directly address consumer products containing hemp-derived ingredients subject to FDA laws and regulations.³

This is further supported by the statement released by the FDA on the very same day President Trump signed the 2018 Farm Bill into law: Today, the Agriculture Improvement Act of 2018 was signed into law ... Congress explicitly preserved the agency's current authority to regulate products containing cannabis or cannabis-derived

compounds under the Federal Food, Drug, and Cosmetic Act (FD&C Act) ... In short, we treat products containing cannabis or cannabis-derived compounds as we do any other FDAproducts... regulated it's unlawful under the FD&C Act to introduce food containing added...THC into interstate commerce, or to market.6

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To enforce this position, the FDA sent over two dozen warning letters between 2021 and 2024 specifically for foods containing THC, to companies located in states such as California and Colorado, informing such companies that any food containing THC is prohibited from introduction into interstate commerce under the FD&C Act.⁷

This means that today, in Texas (or any other state), any consumable hemp product ("CHP") containing THC that was manufactured outside of the State of Texas and then sold by a Department of State Health Services (DSHS) approved retailer **was potentially imported in violation of federal law**. In fact, Chapter 443, Health and Safety Code ("HSC") states that DSHS must adopt rules that are consistent with "...federal regulations adopted under..." the AIA, and that rules may be adopted only "...to the extent allowable by federal law..."

2019 Texas Farm Bill ("House Bill 1325")

In 2019, Texas enacted House Bill 1325 (86R, King, T.), which directed the Texas Department of Agriculture (TDA), in consultation with the Governor and Attorney General, to submit a plan satisfying the federal requirements associated with AIA.⁸ HB 1325 tracked significant portions of the federal law verbatim.



Crucially, HB 1325 defined hemp as any part of the cannabis sativa plant having a Delta-9 THC concentration of not more than 0.3 percent on a dry weight basis, removed substances that qualify as "hemp" from the definition of a "controlled substance", and provided for the licensing of farmers and operators wishing to participate in the program. Rules were also subsequently adopted by TDA and DSHS after the bill became law. Rules adopted by TDA followed both the 2018 Farm Bill and USDA Regulations which require Total THC limitations for the purpose of preventing the distribution and sale of marijuana flower. **Rules adopted by DSHS did not contain such limitations.**

Synthetic Cannabinoids

Unfortunately, since its passage, the provisions of HB 1325 have been continually abused by producers and sellers of "hemp", who have intentionally bent the rules to sell intoxicating compounds across this state.

Including Delta-9 THC, a myriad of intoxicating compounds are currently sold in products throughout the State of Texas for recreational use. A cursory search of so called "hemp" retailers in the State of Texas, particularly edible & vape stores, liquor stores and gas stations, shows retailers marketing a variety of products containing intoxicating substances, including but not limited to delta-6 THC, delta-8 THC, delta-9 THC, delta-10 THC, delta-11 THC, plus delta-9 THC-B, delta-9 THC-H, delta-9 THC-P and delta-9 THC-V as well as other intoxicating substances such as THC-JD, THC-X, HHC, HHC-O, HHC-P, PHC, CBN, CB9A, and 11-hydroxy THC. Unfortunately, as there is no established nomenclature for such substances, it is impossible to know what compound is represented. THC-P for example, has been referred to both as delta-9 THCP and THC-P.

While many such synthetic substances have never been confirmed by the Federal Government or State of Texas as present in the "hemp" plant, illicit operators have argued for legal status under one argument – the use of the word "derivatives" in the 2018 Federal Farm Bill and HB 1325.

While originally intended and clearly spelled out in the definition of "hemp" to include "all derivatives" of the

cannabis plant itself, this word has been warped by operators to include both (a) first order derivatives of the cannabis plant, as well as (b) any compound further derived from such first order derivative, regardless of how many permutations of derivations the compound is subject to, and regardless of how many atoms or bonds are moved, added or taken away. THC-P, for example, can be derived from delta-8 THC, which can be derived from delta-9 THC, which is often derived from CBD isolate, which is derived from a full spectrum extract from the hemp plant. Therefore, THC-P is not (a) a derivative of the hemp plant - it is instead (b) a derivative, of a derivative, of a derivative, of a derivative, of an extract, of the hemp plant. Such a compound is clearly a synthetic cannabinoid and is therefore, a controlled substance.

This blatant circumvention should be illegal. Otherwise, the use of "derivatives" could be extended to include potentially thousands of THC analogues, each with novel & unknown properties, intended to induce a variety of psychoactive and hallucinogenic responses in the human nervous system.

This position is clearly supported by the DEA, as the agency has maintained that all synthetic cannabinoids are illegal, including in letters from Chief Terrence Boos PhD, Diversion Control Division, regarding the controlled status of converted delta-8 THC.

Arriving at delta-8 THC by a chemical reaction starting from CBD makes the delta-8 THC synthetic and therefore, not exempted by the AIA. Any quantity of delta-8 THC obtained by chemical means is a controlled substance.⁹

Fentanyl Similarities

This argument that a "hemp" product is legal simply by adding an atom or moving a chemical bond is eerily reminiscent of the fentanyl craze ravaging the streets of America right now. What started with standard fentanyl rapidly turned into other fentanyl analogues, some 10-100x as powerful as morphine. Law enforcement has continuously had to adapt to such analogues, chasing the newest analogue creation from narcotic chemists – this finally resulted in the DEA publishing a class-wide scheduling in 2018.



As an example, fentanyl has the molecular formula $C_{22}H_{28}N_2O$. By simply removing 1 Carbon atom and 2 Hydrogen atoms, we get "*acetyl fentanyl*". Or, by simply adding 2 Carbon atoms and 4 Hydrogen atoms, we get "*valeryl fentanyl*". These two analogues are some of the more common on the streets today.

Now apply the same treatment to delta-9 THC by moving the same type and number of atoms. Delta-9 THC has the molecular formula C₂₁H₂₀O₂. By simply removing 1 Carbon atom and 2 Hydrogen atoms, we get "*THC-B*". Or, by simply adding 2 Carbon atoms and 4 Hydrogen atoms, we get "*THC-P*". Both are common Delta-9 THC analogues – especially THC-P, as it binds 33x stronger to the human body than Delta-9 THC.

This is also a prime example of why cannabinoids must be regulated as drugs – not alcohol. Alcohol regulation deals with one metric and barely approaches the complexity of regulating intoxicating hallucinogenic substances, along with their analogues and isomers.

Delta-9 THC (Schedule Hngredients)

Even more surprising than the conversion of nonintoxicating CBD into synthetic cannabinoids is the rampant use of highly concentrated Delta-9 THC that is NOT "hemp" as an active ingredient in various food products, including edibles and drinks.

Texas defines a "consumable hemp product" in Section 443.001 HSC as a "food, a drug, a device or a cosmetic...that contain[s] hemp or one or more hempderived cannabinoids". Section 443.151 HSC further explores this, stipulating that a CHP is not required to be tested if "each hemp-derived ingredient...does not have a delta-9 tetrahydrocannabinol concentration of more than 0.3 percent".

Despite this, Texas "hemp" manufacturers routinely create, store and use psychoactive ingredients in food products that do not qualify as "hemp" ingredients, but instead qualify as highly potent "tetrahydrocannabinols" – as described in the Texas Controlled Substances Act.

Consider a "hemp" gummy that weighs 10 g (10,000 mg). The gummy contains 8 g (8,000 mg) of sugar, along with corn syrup, water, pectin, citric acid, etc. It also contains 25 mg "Delta-9 of THC Distillate". In order for this gummy to qualify as a CHP, it must "contain hemp". Which means that the Delta-9 THC Distillate must qualify as "hemp" itself. As such. this Distillate must have а Delta-9 THC potency, on a dry weight basis, of 0.3 percent or less. Calculating as such, 25 mg divided by

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0.003 means this hemp ingredient must weigh 8,333 mg, or 8.3 g. How does a 10 g gummy contain 8 g of sugar, 8.3 g of "hemp", along with corn syrup, water, pectin, citric acid, etc.?

It does not.

Such a gummy therefore contains something closer to pure Delta-9 THC hash oil – with a probable potency in excess of 50%. A clear violation under Texas law for the possession, manufacture and sale of a Schedule I Controlled Substance – and also separate from any other violations under the FD&C Act for putting Delta-9 THC into a food product.

Such ingredients have been called "hot hemp" or "work in process hemp" by industry operators, despite clear direction from the DEA with its Interim Final Rule ("IFR")¹⁰ in August, 2020, stating that "In order to meet the definition of "hemp", and thus qualify for the exemption from Schedule I, the derivative must not exceed the 0.3% Delta-9 THC limit...a cannabis derivative, extract or product that exceeds 0.3% Delta-9 THC is a Schedule I Controlled Substance...". This language introduced by the DEA was in fact challenged in court and dismissed by the D.C. Circuit Court in June 2022. It is the position of the DEA therefore that "work in process hemp", if over 0.3% Delta-9 THC, is a Schedule I Controlled Substance.



Such abuse and circumvention of the intended legislation has become so bad that in 2022, twenty-two attorneys general and in 2024, twenty attorneys general sent letters asking for Congress to close loopholes in the 2018 Farm Bill - "...bad actors have exploited the 2018 Farm Bill's definition of hemp, its protection of derivatives of that plant...hemp-derived intoxicants have proliferated across our states, posing a significant threat to public health and safety..."11

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89th Legislative Session (SB 3)

In light of this exploitation of both the 2018 Farm Bill and HB 1325, Lieutenant Governor Dan Patrick included banning both delta-8 and delta-9 THC in Texas among his priorities for the 89th Legislative Session.¹² This resulted in the filing and enrollment of Senate Bill 3 (89R, Perry), which would:

- 1. Ban the sale of all consumable hemp products that contain any form of THC.
- 2. Create several new criminal offences relating to the sale of consumable hemp products.
- Require hemp products that only contain 3. cannabidiol (CBD) or cannabigerol (CBG) to comply with a strict regulatory framework.
- 4. Require products to be labeled and placed in tamper-evident, child-resistant packaging.
- Prohibit the marketing and 5. sale of consumable hemp products to minors.
- 6. Require DSHS to implement decarboxylation testing of all consumable hemp products, as already required today of any "hemp" by TDA, as well as the USDA.
- 7. Prohibit anv artificial synthetic or cannabinoids from use in products.
- 8. Required product registration and QR Code labeling to assist local law enforcement.

SB 3 Effect on Texas Jobs

Licensed Texas Farmers

Opponents of Senate Bill 3 have continued to argue that passage of the legislation would be devastating to Texas farmers.¹³ Such claims have been repeatedly brandished to Texas government officials for the past year by various state and national "hemp" associations, as well as shared repeatedly by various newspapers, websites and other media outlets.

This is false. There is no mention of the Agriculture Code in the language of Senate Bill 3. The legislation strictly applies to the manufacture and sale of consumable hemp products containing THC under Chapter 443, Health & Safety Code.

Regardless of the passage of SB 3. Texas farmers will continue to grow any of the four hemp types classified by the USDA: (1) fiber hemp, (2) seed hemp and (3) grain hemp, as well as (4) floral hemp (floral hemp is expressly grown for extraction of cannabinoids such as CBD and THC).

Texas farmers already follow testing procedures according to TDA, as well as rules required by the USDA of any state or tribal plan. Such rules already include requirements well accepted by the industry, including fingerprinting for all owners and testing for "total potential THC" to prohibit the cultivation and sale of raw marijuana in Texas. And any Texas farmers currently licensed to manufacture CHPs by DSHS are already prohibited from manufacturing any raw cannabis flower for smoking (see Section 443.204 "...processing or manufacturing of a [CHP] for smoking is prohibited ... ").

TCCRI has reviewed data obtained via an open records request from the Texas Department of Agriculture (TDA) regarding total hemp crops harvested in Texas during 2024. Farmers are required by law, under TAC Rule 24.22, to file lot reports with TDA which provide crop information including "facility ID, total acres of cannabis plant material produced, [and] disposition of cannabis plant material produced (e.g. harvest, disposal...etc.)". Such reports must be filed "...no later than the 30th day after a final sample is collected from a lot ... "



According to Texas Agriculture Statistics published in the Year 2022, Texas farms and ranches cover 125.5 million acres across the state. The average farm in Texas is approximately 544 acres.¹⁴

According to TDA records, a grand total of 181.418 acres of hemp crop passed testing and was harvested in the entirety of 2024. The average hemp crop lot report size harvested during the same year was 2.6 acres. The 181.418 acres of hemp crop grown in Texas encompasses only 0.0001% of the roughly 125.5 million acres of farm and ranch land in the State of Texas.

The 181.418 acres of hemp grown in Texas in 2024 encompasses only 0.0001% of the 125.5 million acres of farm and ranch land in the State of Texas.

In other words, the hemp crop harvested in Texas in the entirety of 2024 represents roughly 1/1,000,000th of the total agricultural land in Texas.

Furthermore, this does not consider how much of the 181.418 acres was for industrial purposes (fiber, seed, or grain hemp), versus floral hemp intended for cannabinoids extraction. It can be concluded, therefore, that **the effect of SB 3 on Texas Farmers will be minimal**.

Out-of-State Floral Hemp Farmers

Despite this, the narrative has continued in Texas that SB 3 will hurt farmers. A closer analysis at the National Hemp Report issued by the USDA between 2022-2024 gives potential insight into the source of such a narrative. Note: The National Hemp Report is based on surveys and therefore is subject to any data inconsistences inherent to similar methods of data collection.

Despite statements from federal legislators that argued against the psychoactive nature of hemp in 2018, for those three reports, the same four states consistently appeared in the Top 5 producers of floral hemp: Oregon, Kentucky, California and Colorado.¹⁵ In fact, reported figures for the Year 2023 showed that Oregon, Kentucky, California and Colorado were responsible for almost 85% of the utilized production pounds of floral hemp. Not surprisingly, this means

three out of four (3/4) of the largest floral hemp markets in the country are also open recreational marijuana markets.

Some of these states, such as Colorado, do not actually allow the sale of food products containing intoxicating cannabinoids in their borders. ¹⁶ Such products are only permitted for safe harbor export to other states. This has allowed the alleged largest manufacturer of synthetic cannabinoids in the country to locate in Colorado – prime for "safe harbor exporting" to the State of Texas and other southern states.

Other states, such as Oregon, have interesting laws about hemp and marijuana cultivation. See Oregon Rule 603-048-0520: Co-Location of Hemp Production with Marijuana Production, which allows both plants to be grown *at the same location*, provided the local pot farmer "visually demarcates the boundaries" of the hemp area and the marijuana areas, using "signs, fencing or cordoning".¹⁷

Industrial Hemp Fiber Farmers are Unaffected by CHP Bans

An analysis of the same National Hemp Reports also clearly shows that state bans on consumable hemp products containing THC have not prevented the development of robust industrial hemp fiber markets. In recent reports, the largest producers of industrial hemp fiber in the United States have primarily been Idaho, South Dakota and Montana, producing thousands of acres a year.

Each of these states have extensive bans on consumable hemp products, including full bans on synthetic cannabinoids. Idaho currently bans all consumable products that contain any type of THC, including delta-9 THC. Governor Gianforte of Montana just signed SB 375 on May 5, 2025, banning the sale of any product containing delta-9 THC or THCA. Meanwhile South Dakota recently defended its ban in United States District Court on June 29, 2024.

Conclusion

Simply put, the alleged negative impacts of SB 3 on farmers, and Texas' economy have been vastly



overstated by the proponents of psychoactive products containing THC. A short analysis of these claims has effectively debunked the purported negative economic impacts to the Texas agricultural industry, and in fact shows that the largest producers of industrial hemp United States are fiber in the states with comprehensive bans on such psychoactive consumable products. The legislature should not let false arguments dissuade them from improving prior legislation that has been abused and circumvented by "hemp" operators for years, effectively allowing the sale of products analogous to cannabis joints, hash brownies and other edibles containing THC in the State of Texas. The intent of HB 1325 was clearly never to permit the sale of highly psychoactive compounds across Texas. Senate Bill 3 would correct the record while ensuring that hemp could be produced and used as originally intended under HB 1325, as an industrial cash crop for Texas farmers, and not for use as an illicit psychoactive drug.



ENDNOTES

¹ United States of America, Congress, House of Representatives. HR 2, https://www.congress.gov/bill/115thcongress/house-bill/2. 115th Congress, Became Law. ² Bronstein, Michael. "Clarifying congressional intent for THC is a necessary step toward marijuana reform." MJBizDaily, Sept. 6, 2024, https://mjbizdaily.com/clarifying-congress-intent-for-thc-a-necessary-step-towardmarijuana-reform/. ³ Ron Wyden (Oregon). X.com, April 12, 2018, https://x.com/RonWyden/status/984528475510968320. Accessed May 18, 2025. ⁴ Rand Paul (Kentucky). X.com, December 23, 2019, https://x.com/randpaul/status/1209210335049256960. Accessed May 18, 2025. ³ Johnson, Renée. "Farm Bill Primer: Hemp Industry Support and Regulation." Congressional Research Service, Jan. 10, 2025, https://www.congress.gov/crs-product/IF12278. ⁶ Gottlieb, Scott. M.D. "Statement from FDA Commissioner Scott Gottlieb, M.D., on signing of the Agriculture Improvement Act and the agency's regulation of products containing cannabis and cannabis-derived compounds." United States Food and Drug Administration, Dec. 20, 2018, https://www.fda.gov/news-events/pressannouncements/statement-fda-commissioner-scott-gottlieb-md-signing-agriculture-improvement-act-andagencys#:~:text=In%20short%2C%20we%20treat%20products,products%20containing%20any%20other%20substan <u>ce</u>. Accessed May 18, 2025. ⁷ "Warning Letters for Cannabis-Derived Products." United States Food and Drug Administration, https://www.fda.gov/news-events/public-health-focus/warning-letters-cannabis-derived-products ^{*} State of Texas, Texas Legislature, House of Representatives. HB 1325 (Bill Text – Enrolled Version), https://capitol.texas.gov/tlodocs/86R/billtext/pdf/HB01325F.pdf#navpanes=0.86th Regular Legislative Session. Effective immediately. ⁹ "Terrence L. Boos Letter to Wade Hodge." https://cbdoracle.com/wp-content/uploads/2023/08/Terrence-L.-Boos-Letter-to-Wade-Hodge-RE-Delta-8-THC-Exhibit-B.pdf. Accessed May 18, 2025. ¹⁰ "Implementation of the Agricultural Improvement Act of 2018." Drug Enforcement Administration, August 21, 2020, https://www.govinfo.gov/content/pkg/FR-2020-08-21/pdf/2020-17356.pdf. Accessed May 18, 2025. ¹¹ "The Five Year Authorization of the Farm Bill." March 20, 2024, https://s3.documentcloud.org/documents/24489801/farm-bill-letter.pdf. Accessed May 18, 2025. ¹² "Lt. Gov. Dan Patrick Announces First Round of Top 40 Priority Bills for the 2025 Legislative Session." Office of the Lieutenant Governor of Texas, Jan. 29, 2025, https://www.ltgov.texas.gov/2025/01/29/lt-gov-dan-patrickannounces-first-round-of-top-40-priority-bills-for-the-2025-legislative-session/. ¹³ "Step 1: Send a Letter." U.S. Hemp Roundtable, https://hempsupporter.com/state-action/tx/. Accessed Mar. 17, 2025. ¹⁴ "Texas Ag Stats." Texas Department of Agriculture, https://texasgriculture.gov/About/Texas-Ag-Stats. Accessed Mar 12, 2025 ¹⁵ "National Hemp Report." USDA, April 17, 2024, https://downloads.usda.library.cornell.edu/usdaesmis/files/gf06h2430/3t947c84r/mg74s940n/hempan24.pdf. Accessed May 18, 2025. ¹⁶ "Colorado Senate Bill 23-271." Colorado Senate, https://leg.colorado.gov/sites/default/files/2023a 271 signed.pdf. Accessed May 12, 2025 ¹⁷ "Co-Location of Hemp Production with Marijuana Production." Oregon Secretary of State Administrative Rules, https://secure.sos.state.or.us/oard/viewSingleRule.action?ruleVrsnRsn=308787