

THE TENNESSEE RESPONSIBLE HEMP COMMERCE ACT

Restoring the Successful TDA Regulatory Model with Targeted Improvements

INTRODUCTION: RESTORING WHAT WORKED

Prior to Public Chapter 526, Tennessee had a functional and successful regulatory system for hemp-derived cannabinoid products under the Tennessee Department of Agriculture (TDA). That system, established by Public Chapter 423 in 2023, allowed legal THCA flower and other hemp-derived products to be sold responsibly by licensed businesses, with clear rules for licensing, testing, labeling, age restrictions, and taxation. It supported a thriving market, generated state revenue, and provided legal access for adults while maintaining basic consumer protections.

Public Chapter 526 dismantled that working system. By transferring regulation to the TABC, imposing a strict Total THC post-decarboxylation test that effectively bans most THCA flower, replacing reasonable retail taxation with heavy upstream excise taxes, and creating a chaotic new licensing regime, the 2025 law has caused widespread business closures, major state revenue loss, and the elimination of legal access for many Tennesseans — including veterans — who relied on previously compliant products.

The goal of the Tennessee Responsible Hemp Commerce Act is to restore the successful regulatory framework that existed under the Department of Agriculture prior to Public Chapter 526, while adding targeted improvements for stronger individual accountability, better revenue collection, and more practical enforcement — without destroying the market that the old TDA system successfully regulated.

1. THE MANDATORY HEMP HANDLERS PERMIT FRAMEWORK

The old TDA system had good rules for businesses but lacked strong individual-level accountability. This pillar builds directly on the successful TDA foundation by adding a proven tool from Tennessee's alcohol regulatory system: individual permits for the people who actually handle and sell the products.

Key Elements (Building on the Old TDA Model):

- **Standardized Workforce Education:** Every individual who handles, packages, or sells hemp-derived cannabinoid products must hold a valid state-registered permit — extending the accountability model that already existed at the business level under TDA.
- **Strict Compliance Training:** Training covers multi-step age verification, ID authentication, product labeling, and identifying non-compliant packaging — strengthening the consumer protection standards that were already in place.
- **Recurring State Revenue:** Annual permit fees create a new, reliable revenue stream to fund enforcement — addressing a gap in the old TDA system while keeping the core regulatory structure intact.
- **Streamlining Enforcement:** A centralized digital database allows real-time verification during audits, giving TABC (or a restored TDA role) practical tools that were missing before.

2. ENFORCING SPECIALTY CLASS MARKET LICENSING

The old TDA system allowed broad retail participation but faced political backlash over all-ages access to high-potency products. This pillar preserves the successful broad retail access that existed under TDA for most products, while adding reasonable guardrails for the highest-potency items — preventing the overreach of the current TABC system that effectively banned the most popular products.

Key Elements (Protecting What Worked Under TDA):

- **Age-Gated Specialty Channels:** Inhalable raw flower, concentrates, and high-potency vapes are restricted to dedicated Specialty Hemp & Vapor Shops with strict 21+ verification at entry. This protects the successful THCA flower market that thrived under TDA while addressing legitimate concerns about youth access.
- **Structured Ingestible Tiering:** Traditional retailers (including those licensed under the old TDA system) can continue selling finished, pre-packaged ingestible products and edibles — preserving the broad retail access that was a core strength of the previous framework.
- **Eliminating Access Overload:** High-potency items are removed from gas stations, convenience stores, and all-ages environments — a targeted improvement that keeps the core market intact while reducing political vulnerability.

3. ESTABLISHING LABORATORY RECIPROCITY & VETTED PRODUCT REGISTRIES

The old TDA system required testing but created practical bottlenecks with redundant and costly requirements. This pillar fixes one of the biggest operational problems businesses faced under the previous framework while maintaining strong safety standards.

Key Elements (Fixing Practical Problems from the Old System):

- **Active Regional Anchor Labs:** ISO 17025-accredited, DEA-registered labs in Tennessee (such as Kaycha Labs) serve as the scientific standard — building on the testing infrastructure that already existed.
- **National Lab Reciprocity:** Tennessee formally recognizes trusted out-of-state labs with matching credentials — reducing the redundant testing costs that hurt small operators under the old rules.
- **Pre-Vetted Clearinghouse Registry:** Regional anchor labs audit out-of-state COAs and clear compliant products for the state registry — eliminating the practical barriers that made the previous system unnecessarily difficult for legitimate businesses.

STRATEGIC SYNTHESIS: RESTORING A WORKING SYSTEM

The Tennessee Responsible Hemp Commerce Act is not a radical new proposal. It is a restoration of the successful regulatory model that existed under the Department of Agriculture before Public Chapter 526, with targeted, practical improvements that address the legitimate policy concerns that led to the current law — without destroying the market, the businesses, the jobs, and the consumer access that the old TDA system

successfully supported.

This framework treats hemp with the same serious regulatory standards Tennessee already applies to alcohol: clear rules, individual accountability, age verification, testing, and taxation — while preserving the economic activity and consumer access that made the previous system work.

CONCLUSION

Public Chapter 526 has caused measurable harm to Tennessee's small businesses, state revenue, and consumers. The Tennessee Responsible Hemp Commerce Act offers a clear path to restore what worked under the Department of Agriculture, with smart improvements that make the system stronger, not weaker. We urge the General Assembly to return Tennessee to a proven, successful regulatory model that supports small businesses, generates revenue, protects consumers, and provides legal access for adults — including veterans who lost access under the current law.

Primary Sources: Public Chapter 423 (2023 TDA framework) — <https://publications.tnsosfiles.com/acts/113/pub/pc0423.pdf>; Public Chapter 526 (2025 TABC framework); TABC licensing data and statements (June–July 2026); Tennessee Department of Finance & Administration revenue reports; Whitney Economics market valuation; contemporaneous news reporting. All data current as of July 2026.

This document is provided for legislative and public policy consideration.