

Supporting Kentucky's Hemp Industry

Protect Kentucky Agri-Businesses

Kentucky Market Size

- \$30M+ agricultural economy
- Employs more than 3,000 people across Kentucky
- Hemp product sales in licensed liquor stores account for up to 25% of store revenue

Farm Revenue²

- Floral Material (Cannabinoids) : \$3/lb
-represents 97% of KY 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

Taxation and Licensing

- Hemp beverages are taxed in the same manner as alcohol
- CHFS licensing and product registration generated \$2M+ in hemp program revenue in 2026, with 14 employees.
- In 2026, the KY Hemp Association worked with the KY legislature to expand taxation to other hemp products. Efforts will continue in the 2027 session.

Existing Regulatory Controls

- KRS 260 regulates hemp farming and processing under the KY Department of Agriculture (KDA)
- KRS 217 regulates hemp processing, manufacturing, retail and finished products under the Cabinet for Health & Family Services (CHFS)*
- KRS 214 to KRS 244 regulates hemp beverages under the Alcohol Beverage Control (ABC)
- Kentucky's regulatory framework is a model for other states
- Kentucky does not permit the sale of flower to consumers

*CHFS's Hemp Program is regulated within the Drug and Supplement Branch within the Division of Public Health Protection & Safety within the Department for Public Health.

The Problem

Senator McConnell inserted language in the FY26 Appropriations Bill that bans 95% of Kentucky's hemp industry, leaving more than 3,000 Kentuckians without jobs. Without intrastate protection, businesses will close, farmers will lose a diversified crop and Kentuckians will lose access.

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State Protection Requirements

The Ask

The Kentucky hemp industry is seeking relief to protect intrastate commerce of hemp products grown, processed and sold in Kentucky. The language provided protects Kentucky farmers, businesses and state regulating bodies operating in the Commonwealth's established and well-regulated hemp-derived cannabinoid program in the event of federal prohibition of certain products under the FY2026 Federal Agriculture Appropriations Act, effective December 11, 2026.

State Hemp Protection Language

1. **Protect KY's current program within the confines of state law. Establish protections for financial services.**

Notwithstanding any provision of law to the contrary, the growing, processing, manufacturing, sale, and use of hemp-derived cannabinoid products, as well the related provision of financial services, shall be considered lawful if done in accordance with KRS 217, KRS 260, and KRS 214 to KRS 244 and any administrative regulations promulgated thereunder. Financial services for licensed farmers and businesses shall have the same protections as KRS 218B.015.

2. **Remove Department of Agriculture authority over processing so it is exclusively under the jurisdiction of DPH.**

The processing of hemp-derived cannabinoid products shall be regulated solely by the Department for Public Health.

3. **Remove synthetically derived cannabinoids from the Department of Health's approved cannabinoid list.**

The Department for Public Health shall exclude the following cannabinoids from its list of approved cannabinoids: Hexahydrocannabinol (HHC(-)), Tetrahydrocannabiphorol (THCP), Tetrahydrocannabinol methyl ether (THCM), and delta-6-tetrahydrocannabinol (delta-6-THC).