

**TESTIMONY OF SHAWN COLLINS
ON BEHALF OF THE RHODE ISLAND HEMP BEVERAGE ASSOCIATION
IN SUPPORT OF H 8414**

Chairman Solomon and Members of the House Corporations Committee:

My name is Shawn Collins, and I submit this testimony on behalf of the Rhode Island Hemp Beverage Association in strong support of H 8414, the Rhode Island Hemp THC Beverage Act.

By way of background, I am the founder of The Homegrown Consulting Group and the former Executive Director of the Massachusetts Cannabis Control Commission. Before that, I worked as legislative counsel in the Massachusetts State Senate and later in the Massachusetts State Treasury, where I worked on cannabis, alcohol, gaming, and other regulated industries.

I offer that background because I understand the difficult task before this Committee.

Regulating an emerging intoxicating product category requires balance. The General Assembly has to restrict products that create real public health, youth access, consumer protection, and enforcement concerns. At the same time, it has to avoid sweeping in compliant businesses, responsible products, and adult consumers who are asking for safer, tested, lawful options. That is not an easy line to draw.

H 8414 draws that line in a practical and responsible way.

RIHBA represents a coalition of manufacturers, distributors, retailers, and allied businesses working to build a regulated market for hemp-derived THC beverages in Rhode Island. Our members are not here asking to operate outside government oversight. They are actively asking for regulation, taxation, testing, labeling, age restrictions, and enforcement. That is an important fact.

The industry supports a framework because responsible businesses do not benefit from ambiguity. They benefit from clear rules, accountable channels, and public confidence.

To understand why this legislation matters, it is useful to start at the federal level.

The national hemp market is in a period of significant uncertainty. Congress has enacted changes to federal hemp law that are scheduled to take effect later this year and could sharply restrict many hemp-derived cannabinoid products. At the same time, there are active efforts in Washington to delay, revise, or replace those changes with a more workable framework. The White House has also recognized the importance of preserving access to appropriate full-spectrum CBD products. That point matters because full-spectrum CBD, by its nature, may contain trace levels of THC.

The federal debate has moved beyond the simple question of whether hemp products should exist. The real question is how government distinguishes responsible, tested, age-appropriate products from products that create legitimate health or consumer protection concerns.

That is the same question before Rhode Island.

Across the country, states have taken different approaches. Some have moved toward prohibition or severe restriction. Others have built regulated frameworks that allow hemp-derived beverages to be sold through age-gated, accountable channels. Minnesota is one of the clearest examples. It created a legal structure for lower-dose hemp products and allowed hemp THC beverages to develop within mainstream retail and hospitality settings, subject to product standards, licensing, and oversight. That model has shown that adult consumers want lower-dose alternatives and that states can regulate the category without treating every product the same way.

Other states are still working through the balance. Some are concerned about youth access, intoxicating products in inappropriate retail settings, inaccurate labels, synthetic cannabinoids, and consumer confusion. Those are real concerns. They are also reasons to regulate thoughtfully rather than leave the market undefined.

The New England region is moving as well.

Connecticut has already created a regulated pathway for THC-infused beverages through licensed cannabis retailers and package stores with an endorsement. It has treated these products as adult-use products requiring age controls, labeling, packaging, and testing. Massachusetts recently enacted broader cannabis oversight reform and directed its Cannabis Control Commission to study intoxicating hemp products and make recommendations. Those developments matter for Rhode Island because they show that neighboring states are actively working through the same policy questions. Rhode Island is not acting in isolation.

Rhode Island now has an opportunity to adopt a balanced framework before the market becomes harder to manage.

H 8414 does that.

The bill establishes a clear low-dose standard of no more than 5 milligrams of total hemp-derived THC per container. That is a practical consumer protection measure. It gives adult consumers a clear and understandable serving format. It gives retailers a rule they can explain. It gives regulators a standard they can inspect and enforce.

The bill also uses regulated channels that Rhode Island already understands. It allows licensed liquor retailers, cannabis retailers, hemp-consumables retailers, licensed on-premise servers, manufacturers, and licensed liquor wholesalers to participate only through the appropriate endorsement, registration, or authorization. It preserves the role of licensed liquor wholesalers and the discipline of the three-tier beverage system, while giving the Cannabis Control

Commission authority over product safety, labeling, testing, enforcement, and consumer protection.

That balance reflects the work our coalition has tried to do.

RIHBA has worked with participants across the ecosystem, including manufacturers, distributors, retailers, and policy partners, to identify a framework that serves the full supply chain. Manufacturers need predictable rules for product formulation, testing, labeling, and market access. Distributors need traceability, invoice records, recall capability, and confidence that products are moving through lawful channels. Retailers need clarity on age verification, shelf placement, signage, and responsible sales. Regulators need enforceable standards. Consumers need tested, accurately labeled products sold in adult-facing environments.

H 8414 addresses each of those needs.

It requires independent testing. It requires batch and lot traceability. It requires QR-linked certificates of analysis. It requires accurate cannabinoid labeling. It requires adult-use warnings, delayed-effects warnings, pregnancy and breastfeeding warnings, and instructions to keep products away from children. It restricts youth-oriented marketing and confusing packaging. It prohibits synthetic cannabinoids and artificially derived cannabinoids unless the Commission determines by rule that a specific cannabinoid can be safely used. It also creates a tax structure and an enforcement fund to support administration, inspections, investigations, product testing, and public education.

I also want to acknowledge the work that Rhode Island's Cannabis Control Commission has already done to study this category. The Commission's work has helped identify the same core issues this Committee is considering: potency, labeling, testing, youth access, on-premise service, retail channels, enforcement, and the interaction between hemp beverages and the regulated cannabis market.

RIHBA may not agree with every conclusion or recommendation that emerges from any agency process, and the General Assembly ultimately has the responsibility to set policy. But the Commission's work can help inform implementation. If H 8414 advances, RIHBA and its members stand ready to support that process with operational experience, product knowledge, compliance data, and practical input from the manufacturers, distributors, and retailers who will have to make the rules work in the real world.

That is what responsible industry participation should look like.

The tax structure also deserves specific attention.

H 8414 does not ask Rhode Island to give this category special tax treatment. It does the opposite. Hemp beverages would remain subject to the 7 percent retail sales tax. The bill would add a 10 percent wholesale excise tax. On-premise sales would also generate local meals and

beverage tax revenue where applicable. The bill further creates a THC-infused beverage enforcement fund to support the regulatory work this category requires.

That is a serious public-policy advantage.

Wine and spirits sold at Rhode Island liquor stores remain exempt from the state's 7 percent retail sales tax. Hemp beverages are not. Every \$1 million in hemp beverage retail sales generates \$70,000 in state sales tax before any wholesale excise tax is applied. The equivalent \$1 million in wine or spirits sold at retail generates no retail sales tax.

Rhode Island's existing alcohol industry remains an important economic engine. Wine and spirits distributors and related businesses support thousands of jobs and substantial state and local tax revenue. But the state's own alcohol sales data also show pressure in the traditional category. Gross liquor store alcohol sales declined in 2023, net taxable alcohol sales declined, and retail sales tax collected from alcohol declined as well.

Hemp beverages can help defend that adult beverage tax base. They can create new retail sales tax revenue, new wholesale excise revenue, new municipal revenue through on-premise service, and new enforcement funding. The alternative is not fiscal caution. The alternative is allowing consumer demand to move into less accountable channels, including online sales, out-of-state purchases, or unregulated products that generate no Rhode Island excise tax and provide no dedicated enforcement support.

H 8414 gives Rhode Island a better option: regulate the category, tax it appropriately, and use those funds to support the oversight that public health and public safety require.

We also recognize that some cannabis licensees may have concerns about hemp-derived THC beverages. Those concerns should be taken seriously. Cannabis operators have invested in a heavily regulated system. They are subject to testing, packaging, security, age-gating, and tax requirements. They have a fair interest in ensuring that intoxicating hemp products are not allowed to compete under loose or inconsistent standards.

H 8414 responds to that concern by applying real standards. It does not allow an unregulated market to develop alongside the cannabis system. It creates a parallel adult-use beverage framework with testing, labeling, age verification, enforcement, taxation, and Commission oversight. It also allows cannabis retailers to participate in the market. That is an important feature. The bill does not exclude cannabis licensees. It gives them a lawful path to sell these products while also recognizing that lower-dose beverages can be safely distributed through the existing adult beverage system.

There is room in Rhode Island for both a regulated cannabis market and a regulated hemp beverage market. The key is ensuring that both are held to serious standards appropriate to the products being sold.

That brings me back to the policy choice before the Committee.

The question is not whether every product currently in the marketplace deserves protection. Some products should be restricted. Some products should be removed. Some products should never reach Rhode Island consumers. Products that are mislabeled, synthetically converted without adequate safety review, marketed to children, sold without age verification, or offered without reliable testing should not define this category.

The question is whether Rhode Island can restrict those products while allowing compliant, low-dose, tested, labeled beverages to move through licensed and accountable channels.

RIHBA believes it can. H 8414 provides the mechanism.

The alternative is continued uncertainty. That uncertainty does not protect consumers. It does not help responsible retailers. It does not help regulators distinguish compliant products from noncompliant products. It does not create tax revenue. It does not give Rhode Island businesses the confidence to invest.

H 8414 gives Rhode Island a better path.

It is measured. It is enforceable. It is rooted in existing regulatory infrastructure. It recognizes regional movement without copying any other state wholesale. It supports consumer safety, market clarity, responsible business development, state revenue, and accountable enforcement.

Rhode Island has a chance to lead in the way smaller states often lead best: by being practical, disciplined, and clear-eyed. The state can adopt a framework that acknowledges consumer demand, protects public health, respects the existing beverage supply chain, includes cannabis retailers, and gives regulators the authority and funding they need to manage the category responsibly.

For those reasons, the Rhode Island Hemp Beverage Association respectfully urges the Committee to support H 8414

Thank you for your consideration.