

**BEFORE THE TENNESSEE ALCOHOLIC BEVERAGE COMMISSION**

<b>IN RE: DECLARATORY ORDER</b>	)	
	)	
<b>TENNESSEE HEALTHY ALTERNATIVES ASSOCIATION,</b>	)	
	)	
<b>Petitioner,</b>	)	<b>Docket No. 25:01</b>
	)	
<b>v.</b>	)	
	)	
<b>TENNESSEE ALCOHOLIC BEVERAGE COMMISSION,</b>	)	
	)	
	)	
<b>Respondent.</b>	)	
	)	

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**AGREED DECLARATORY ORDER**

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On July 15, 2025, Petitioner, Tennessee Healthy Alternatives Association (TNHAA), filed a petition for a declaratory order regarding the applicability of a recently enacted statute governing the hemp industry. The statute is known as House Bill No. 1376 (HB 1376) and it will be codified as Title 57, Chapter 7 in the Tennessee Code Annotated. By notice dated September 12, 2025, the Tennessee Alcoholic Beverage Commission (the Commission) set TNHAA's petition for a contested case hearing before the Commission for October 23, 2025, at 1:00 P.M.

TNHAA and the Commission enter into this agreed declaratory order to resolve the issues that would otherwise be addressed in the contested case hearing regarding the application of HB 1376 to existing suppliers and retailers of hemp-derived cannabinoid products (HDCPs) who were issued licenses by the Tennessee Department of Agriculture on or before December 31, 2025 ("Legacy Licensees"). For the reasons explained below, TNHAA and the Commission agree that no Legacy Licensee will be subject to Title 57, Chapter 7 of the Tennessee Code Annotated until

the expiration or closure<sup>1</sup> of its existing license but will instead remain subject to Title 43, Chapter 27, Part 2 of the Tennessee Code Annotated until its existing license expires.

## **PARTIES**

TNHAA is a Tennessee nonprofit mutual benefit corporation that exists to advocate for its members in Tennessee’s hemp industry and to protect the right of its members to lawfully conduct their business. TNHAA’s members include businesses that manufacture and distribute in commerce HDCPs and that sell or offer to sell at retail HDCPs, including Legacy Licensees.

The Commission is a state agency charged under HB 1376 with enforcing state laws governing HDCPs, including Title 57, Chapter 7 of the Tennessee Code Annotated.

## **LEGAL AND FACTUAL BACKGROUND**

In 2023, the Tennessee General Assembly enacted legislation to regulate and tax the HDCP industry. 2023 Tennessee Laws Pub. Ch. 423 (SB 378); Tenn. Code Ann. § 43-27-201 (“The purpose of this part is to regulate the sale and distribution of products containing a hemp-derived cannabinoid.”). This legislation—the “2023 Law”—is codified at Title 43, Chapter 27, Part 2 of the Tennessee Code Annotated. The 2023 Law has been jointly administered by the Tennessee Department of Agriculture and the Tennessee Department of Revenue.

Under the 2023 Law, the Department of Agriculture was responsible for (1) issuing licenses to suppliers and retailers of HDCPs; (2) regulating the manufacture and distribution of HDCPs; and (3) conducting inspections at locations where HDCPs are manufactured, distributed, or sold. Tenn. Code Ann. § 43-27-205(a). The Department of Agriculture was also authorized to

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<sup>1</sup> The relevant language of HB 1376, to be discussed further in this Order, specifically refers to the “expiration” of a license. However, the parties agree that the “closure” of a license shall have the same effect as the “expiration” of a license for purposes of this Order. For purposes of this Order, the terms “closure” or “closed” mean: (1) the voluntary surrender of a license by the licensee; and (2) the revocation of a license pursuant to Tennessee Code Annotated Title 43, Chapter 27.

promulgate rules, *id.* § 43-27-211, including testing requirements, *id.* § 43-27-207(b), (d), labeling requirements, *id.* § 43-27-209(a)(2), and licensing requirements, *id.* § 43-27-206(b).

In 2025, the General Assembly enacted HB 1376—the “2025 Law”—a copy of which is attached as **Exhibit 1**. Among other things, the 2025 Law transfers regulatory authority over HDCPs from the Department of Agriculture to the Alcoholic Beverage Commission, repeals the 2023 Law’s regulatory regime for HDCPs, and creates a new regulatory regime for HDCPs that will be codified in Title 57, Chapter 7 and administered by the Commission.

### ANALYSIS

The 2025 Law has a general effective date of January 1, 2026, HB 1376, § 13, but it also has a specific provision—Section 10—governing the transition from the 2023 Law to the 2025 Law for Legacy Licensees, HB 1376, § 10. That specific provision states:

Notwithstanding this chapter to the contrary:

(1) Before January 1, 2026, or until the [alcoholic beverage] commission has the capacity to process applications for licensure under this chapter, whichever is later, the department of agriculture shall continue to process and renew HDCP supplier and retail applications and licenses pursuant to § 43-27-205. If such a license is set to expire before January 1, 2026, or such time as the [alcoholic beverage] commission has the capacity to process and issue licenses under this chapter, the department [of agriculture] shall continue to receive applications and issue licenses, and all such licenses issued by the department must not expire before twelve (12) months from the date of issuance.

(2) A license issued pursuant to subdivision (1) is subject to Tennessee Code Annotated, Title 43, Chapter 27, Part 2, as it existed prior to the effective date of this act, until the expiration of the license in accordance with subdivision (1).

HB 1376, § 10, subdivisions (1) and (2).

As of January 1, 2026, the Commission will have the capacity to process applications for licensure under the 2025 Law.

The members of TNHAA include Legacy Licensees who hold licenses issued by the Department of Agriculture under subdivision (1) of Section 10. Thus, under subdivision (2) of Section 10, Legacy Licensees remain “subject to Tennessee Code Annotated, Title 43, Chapter 27, Part 2”—the 2023 Law—“as it existed prior to the effective date of [the 2025 Law], until the expiration [or closure] of the license in accordance with subdivision (1).” This means that Legacy Licensees will not be subject to Title 57, Chapter 7 until their licenses issued by the Department of Agriculture expire or are closed and that Legacy Licensees will instead remain subject to Title 43, Chapter 27, Part 2 during that time. For administrative convenience, Legacy Licensees may apply for and be issued new licenses by the Commission prior to the expiration of their Legacy Licenses without surrendering their Legacy Licenses, and the Commission-issued licenses shall become effective upon expiration or closure of the Legacy Licenses.

### **CONCLUSION**

For these reasons, TNHAA and the Commission hereby enter into this agreed declaratory order confirming that Legacy Licensees will not be subject to Title 57, Chapter 7 until their licenses issued by the Department of Agriculture expire and will instead remain subject to Title 43, Chapter 27, Part 2 until that time.

DATED: October 23, 2025

AGREED TO:

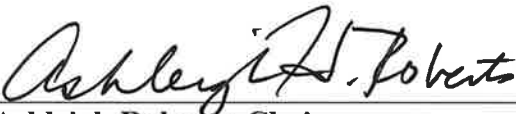
/s/ Tabatha Blackwell

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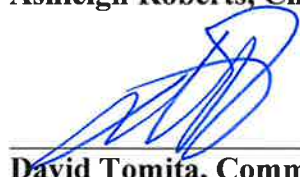
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ENTERED THIS 23<sup>RD</sup> DAY OF October, 2025:



Ashleigh Roberts, Chairwoman



David Tomita, Commission Member



Tim Wirgau, Commission Member