

Hostile Takeover or Peaceful Co-Existence?

At KK Legal & Advisory Services, we are closely monitoring several legislative proposals across multiple states that stand to significantly impact the hemp-derived THC beverage market.

Kentucky was the first mover. [Senate Bill 202](#), passed in late March, places hemp-derived THC beverages under the jurisdiction of the Kentucky Department of Alcoholic Beverage Control and prohibits their sale until 2026.

Now, North Carolina may follow suit. [Senate Bill 535](#) proposes creating a new category of “hemp derived beverages,” that would also be regulated by the state’s Alcoholic Beverage Commission.

This legislative trend comes at a time when Gen Z and Millennials are more cognizant of alcohol’s negative health effects, yet still desire a beverage that produces a similar social buzz. Thus, the rise in popularity of hemp-based THC infused beverages has been fueled by a shifting and fragmented regulatory landscape, making them more widely available in the open market. Meanwhile, alcohol is regulated under long-established state and federal systems—with clear rules around distribution, retail, and direct-to-consumer sales and must compete with these THC infused non-alcoholic alternatives. As states consider how to classify and oversee these products, the similarities between the two categories are prompting discussions around whether hemp beverages should be treated more like their alcoholic counterparts.

Is this a coordinated effort? Some view these developments as protectionist tactics by the alcohol lobby, leveraging its deep ties with lawmakers to limit competition from emerging hemp-based products. For hemp entrepreneurs, many of whom are less politically organized, these efforts represent a significant challenge.

It’s not all bad news. There are still opportunities for hemp beverage entrepreneurs as some states debate friendlier legislative changes.

- Minnesota [HF 1735](#) and [SF 2641](#) are bills that would allow liquor wholesalers to also sell low potency hemp beverages.
- North Carolina [House Bill 607](#) defines “hemp derived consumables,” permits direct to consumer sales, and designates *enforcement* with the Alcohol Law Enforcement Division of the Department of Public Safety.
- Georgia’s [SB 254](#), which originally proposed an outright ban on hemp beverages, was significantly amended and withdrawn in early April.

Whether the push to regulate hemp-derived beverages under state alcohol agencies will gain momentum remains to be seen. But one thing is certain: this intersection of regulatory frameworks and industry competition will continue to evolve. KK Legal & Advisory Services will be watching closely.

Follow us for more insights on hemp, cannabis, alcohol and the evolving regulatory landscape.