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NEWS

Iowa brewers say Iowa regulation of THC products helpful, though imperfect



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As they enter what one calls the "really wild" new world of making and marketing THC-infused drinks, some Iowa brewers say they welcome the state Legislature's passage of a bill placing limits on the potency of the beverages and regulating their sale — even if they quibbles about some provisions.

Seltzers infused with tetrahydrocannabinol, the psychoactive component in cannabis, are quickly becoming popular after the 2018 federal farm bill legalized

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If Gov. Kim Reynolds signs House File 2605, it will impose a limit of 4 milligrams of THC per defined serving in a consumable product and limit the total quantity to no more than 10 milligrams per container.

Sales will be restricted to people 21 and over, just as with alcoholic beverages.

Alec Travis, co-founder of Field Day Brewing in North Liberty, said most companies selling the products already were enforcing age limits, but they needed to be codified. The bill limits THC content but does not limit other cannabinoids such as CBD that can be paired with THC to "create new mindsets," he said, preserving brewers' ability to experiment.

"This has created a lot of awareness about these products, and it's put things in place that were necessary," Travis said. "Having a small cap while people get used to these products is probably good."

Scott Selix, co-founder of Des Moines' Lua Brewing, has joined with the Solon-based Big Grove Brewery — where he used to be head brewer — to market Lua's [Climbing Kites](#) THC beverage.

Like Travis, he supported the age limit and other provisions, but he felt the bill was imperfect, in part because of more severe limits it put on other kinds of cannabis consumables.

"It's hard for us to do a victory lap because Climbing Kites is still legal when so many of our colleagues lost a lot," Selix said, referring to businesses such as the Dispensary, a two-store Des Moines chain that sells various kinds of THC-containing edible items that will be more difficult to adapt under the new content rules.

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[bipartisan support in March](#). It ramps up regulations and penalties for violating Iowa's existing hemp possession, sales and manufacturing laws and prohibits the use in products of synthetic THC.

Each product also must have a label telling consumers about the risks associated with its use.

Companies had been [using a loophole in the federal farm bill](#) legalizing hemp production that allowed small amounts of THC in products by keeping the amount below the federal maximum per unit but increasing the quantity of the product.

Put simply, the brownies or bags of gummies got bigger — and so did the total THC they contained.

The per-container limits the Legislature set address that, and the age requirement for buyers clearly marks them as adults-only products.

Iowa Brewers Guild Executive Director Noreen Otto said the guild supported age restrictions, and brewers wanted clear guidance from the state before they invest in THC-containing beverages.

"Our members were already age-controlling this product without state regulation," Otto said.

Otto declined further comment, saying "there is not a clear consensus among our members" on THC-containing beverages, and they want to stay focused on alcoholic beverage sales for now.

Another provision of the bill says anyone who sells consumable hemp products without being registered with the Iowa Department of Health and Human Services will be fined \$10,000 for each day they are out of compliance.

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"I heard of people in Iowa who were making it without a license," he said. "At the end of the day that hurts the industry as a whole."

How will the bill impact Iowa brewers?

The prospect of increased regulation hasn't dampened customers' enthusiasm for THC beverages. At bars across the Des Moines metro, cans of cannabis-infused seltzers have quickly become staples.

Some brewers see them as a key tool to expand. Climbing Kites, for example, now has 30 employees, according to Selix, and in the next two months that could double.

He said it has surpassed sales estimates several times over to become Lua's best-selling product, even though the brewing end of the business also has had success.

"It's really wild," Selix said.

Climbing Kites comes in cans with 2.5 milligrams, 5 milligrams or 10 milligrams of THC. All Climbing Kites products comply with the legislation, and new packaging that meets its requirements already has state approval before the law takes effect, Selix said.

But he's unhappy about damage to others in the THC consumables business.

"Climbing Kites came out relatively unscathed," he said. "But there were a lot of friends in the industry and some of our accounts that didn't come out unscathed. It's hard to see what happened to those stores that signed leases and created business plans and hired employees."

Field Day Brewing [launched its Day Dreamer line](#) of hemp-derived, THC-infused seltzers in February in three flavors with potencies of 2 milligrams of THC, 7 milligrams and 15 milligrams, and like Lua, it is ramping up staff, Travis said.

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could be brought aboard, he said.

Day Dreamer has about 15 accounts, and "we've not been able to keep up because they're going through pallets of it in two weeks," he said.

The 15-milligram version will fall to 10 milligrams to comply with the law, he said, and serving sizes will be tweaked.

Field Day also will spend thousands of dollars redesigning packaging, he said. But for the most part Day Dreamer will be spared the worst. Existing products will still be legal and can still be sold, he said, including a morning Day Dreamer blend pairing caffeine with cannabinoids, as well as a sleep-aid version.

"It doesn't really change a lot for our brand," Travis said, though he added, "I would rather see a cap that's more in line with an experienced user. These beverages I think are seen as a social aspect to be consumed in a social environment."

Federal government moves to reclassify marijuana. What will it mean for the THC consumables business?

Even before the new bill passed, Iowa's strict approach to cannabis already set it apart.

Most of its neighbors have legalized marijuana or reduced penalties for its use, joining the majority of states nationally. And on April 30, [it was widely reported](#) that the Biden administration would reclassify it from a Schedule I drug — one that is highly dangerous, addictive and without medical use — to a Schedule III drug that can be lawfully prescribed as medication.

More: [Is pot legal now? Despite big marijuana news, it's still in legal limbo.](#)

Selix said that signals Americans' "growing acceptance of cannabis."

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In the meantime, Climbing Kites isn't ready to make its product where it's sold. Selix said the beverage is concocted under contract in Minnesota, Texas and Ohio.

Climbing Kites wants to open a "large production facility" in Iowa, but may wait through one more legislative cycle before making that investment, he said.

"We're still a little nervous," he said. "Right now it's not made in Iowa. I don't know that it ever will be if we don't get some really firm commitments from legislators that we can bring production here."

USA Today contributed to this article.

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