

117TH CONGRESS  
1ST SESSION

# H. R. 5977

To amend the Controlled Substances Act regarding marihuana, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 15, 2021

Ms. MACE (for herself, Mr. McCLINTOCK, Mr. YOUNG, Mr. MAST, and Mr. MELJER) introduced the following bill; which was referred to the Committee on the Judiciary, and in addition to the Committees on Energy and Commerce, Natural Resources, Agriculture, Transportation and Infrastructure, Armed Services, Ways and Means, Small Business, Veterans' Affairs, Oversight and Reform, Education and Labor, and Foreign Affairs, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To amend the Controlled Substances Act regarding marihuana, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “States Reform Act”.

6 (b) TABLE OF CONTENTS.—The table of contents for  
7 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—DECRIMINALIZATION OF MARIJUANA AND DEFERENCE  
TO STATE POWERS OF PROHIBITION

Sec. 101. Federal decriminalization of cannabis, and State control deference.

TITLE II—REGULATION OF MARIJUANA LIKE ALCOHOL

Sec. 201. Food and Drug Administration.

Sec. 202. Department of Agriculture regulation of raw cannabis like barley,  
hops, and grain.

Sec. 203. Addition of raw cannabis to certain authorities relating to agricul-  
tural production.

“Subtitle H—Raw Cannabis Production

“Sec. 298A. Definitions.

“Sec. 298B. State and Tribal plans.

“Sec. 298C. Department of Agriculture plan.

“Sec. 298D. Authority to issue regulations and guidelines.

Sec. 204. Administration like alcohol under Tax and Trade Bureau.

Sec. 205. Transferring agency functions with regard to marijuana.

Sec. 206. Transition safe harbor and administrative remedies.

Sec. 207. Unfair advertising practices and 21 age limit.

Sec. 208. Federal cannabis administration under the Federal Alcohol Adminis-  
tration Act.

“TITLE III—CANNABIS

“Sec. 301. Unlawful business without cannabis permit.

“Sec. 302. Procedure for issuance of cannabis permit.

“Sec. 304. Definitions.

TITLE III—DESIGNATED STATE MEDICAL CANNABIS PRODUCT  
SAFETY ACT

Sec. 301. Grandfathering of State medical cannabis products into interstate  
commerce.

“PART J—DESIGNATED STATE MEDICAL CANNABIS PRODUCTS

“Sec. 360ggg. Definitions.

“Sec. 360ggg-1. Regulation of medical cannabis products.

“Sec. 360ggg-2. Cannabis-infused foods, beverages, and supplements.

“Sec. 360ggg-3. Cannabis cosmetics.

“Sec. 360ggg-4. Liability and method of payment.

“Sec. 360ggg-5. Private right of action and administrative remedy.

TITLE IV—SMALL BUSINESS ADMINISTRATION PROVISIONS

Sec. 401. Fair Small Business Administration access.

Sec. 402. Disaster loan nondiscrimination.

Sec. 403. Microloan nondiscrimination.

Sec. 404. Small business investment company debenture nondiscrimination.

“Sec. 321. Debentures to finance cannabis-related businesses and service  
providers.

Sec. 405. State or local development loan non-discrimination.

“Sec. 511. Loans to cannabis-related legitimate businesses and service providers.

Sec. 406. Rulemaking and disbursement.

Sec. 407. Administrative Procedure Act and mandamus remedies.

#### TITLE V—IMPOSITION OF CANNABIS EXCISE TAX

Sec. 501. Law Enforcement Retraining and Successful Second Chances Fund.

“Sec. 9512. Law Enforcement Retraining and Second Chances Fund.

Sec. 502. Cannabis Revenue and Regulation Act.

#### “CHAPTER 56—CANNABIS PRODUCTS

##### “SUBCHAPTER A—IMPOSITION OF TAX

“Sec. 5901. Imposition of tax.

“Sec. 5902. Definitions.

“Sec. 5903. Liability and method of payment.

“Sec. 5904. Exemption from tax.

“Sec. 5905. Credit, refund, or drawback of tax.

##### “SUBCHAPTER B—OPERATIONS

“Sec. 5911. Inventories, reports, and records.

“Sec. 5912. Packaging and labeling.

“Sec. 5913. Purchase, receipt, possession, or sale of cannabis products after removal.

“Sec. 5914. Restrictions relating to marks, labels, notices, and packages.

“Sec. 5915. Restriction on importation of previously exported cannabis products.

##### “SUBCHAPTER C—PENALTIES

“Sec. 5921. Civil penalties.

Sec. 503. Reports and conforming amendments.

#### TITLE VI—VETERANS’ CARE AND ACCESS

Sec. 601. Nondiscrimination in Federal hiring for veteran medical cannabis users.

Sec. 602. Authorized provision of information on State-approved marijuana programs to veterans.

#### TITLE VII—MISCELLANEOUS UPDATES AND TECHNICAL AMENDMENTS

Sec. 701. United States international cannabis commerce policy.

Sec. 702. Continued Federal employee drug testing.

Sec. 703. Demographic data on new industry of cannabis business owners and employees.

Sec. 704. Conforming amendment to create uniformity of references in existing law to cannabis, marijuana, or marihuana.

Sec. 705. Effective upon enactment.

1 **TITLE I—DECRIMINALIZATION**  
2 **OF MARIJUANA AND DEF-**  
3 **ERENCE TO STATE POWERS**  
4 **OF PROHIBITION**

5 **SEC. 101. FEDERAL DECRIMINALIZATION OF CANNABIS,**  
6 **AND STATE CONTROL DEFERENCE.**

7 (a) **PREEMPTION OF CANNABIS REMOVED FROM**  
8 **SCHEDULE OF CONTROLLED SUBSTANCES.—**

9 (1) **REMOVAL OF FEDERAL CONTROLLED SUB-**  
10 **STANCES ACT PREEMPTION.—**Subsection (c) of  
11 schedule I of section 202(c) of the Controlled Sub-  
12 stances Act (21 U.S.C. 812) is amended—

13 (A) by striking “(10) Marihuana.”; and

14 (B) by striking “(17)  
15 Tetrahydrocannabinols, except for  
16 tetrahydrocannabinols in hemp (as defined in  
17 section 297A of the Agricultural Marketing Act  
18 of 1946).”.

19 (2) **TREATMENT LIKE ALCOHOL IN CON-**  
20 **TROLLED SUBSTANCES ACT.—**The Controlled Sub-  
21 stances Act (21 U.S.C. 802(6)) is amended—by in-  
22 serting “Marihuana,” after “malt beverages,”.

23 (3) **RESIDUAL RULEMAKING.—**Not later than  
24 30 days after the date of the enactment of this Act,  
25 the Attorney General shall administratively revise

1 the current regulations at 21 CFR 1308.11 and re-  
2 lated provisions to clarify that for the purposes of  
3 the Controlled Substances Act and related statutes,  
4 in light of the States Reform Act, marihuana and  
5 tetrahydrocannabinols are each deemed by Congress  
6 to be a drug or other substance that does not meet  
7 the requirements for inclusion in any schedule. Such  
8 administrative rulemaking amendments shall not be  
9 subject to the requirements of the Administrative  
10 Procedure Act other than notice of changes in the  
11 Federal Register. Any regulations inconsistent with  
12 this Act shall be deemed invalid on the date of en-  
13 actment of this Act for all purposes including but  
14 not limited to any offense committed, case pending,  
15 conviction entered, and, in the case of a juvenile, any  
16 offense committed, case pending, and adjudication of  
17 juvenile delinquency entered before, on, or after the  
18 date of enactment of this Act.

19 (b) CONFORMING AMENDMENTS TO CONTROLLED  
20 SUBSTANCES ACT AND CONTROLLED SUBSTANCES IM-  
21 PORT AND EXPORT ACT.—

22 (1) The Controlled Substances Act (21 U.S.C.  
23 801 et seq.) is amended—

24 (A) in section 102(44) (21 U.S.C.  
25 802(44)), by striking “marihuana,”;

1 (B) in section 401(b) (21 U.S.C.  
2 841(b))—

3 (i) in paragraph (1)—

4 (I) in subparagraph (A)—

5 (aa) in clause (vi), by insert-  
6 ing “or” after the semicolon;

7 (bb) by striking clause (vii);  
8 and

9 (cc) by redesignating clause  
10 (viii) as clause (vii);

11 (II) in subparagraph (B)—

12 (aa) in clause (vi), by insert-  
13 ing “or” after the semicolon;

14 (bb) by striking clause (vii);  
15 and

16 (cc) by redesignating clause  
17 (viii) as clause (vii);

18 (III) in subparagraph (C), in the  
19 first sentence, by striking “subpara-  
20 graphs (A), (B), and (D)” and insert-  
21 ing “subparagraphs (A) and (B)”;

22 (IV) by striking subparagraph  
23 (D);

24 (V) by redesignating subpara-  
25 graph (E) as subparagraph (D); and

1 (VI) in subparagraph (D)(i), as  
2 so redesignated, by striking “subpara-  
3 graphs (C) and (D)” and inserting  
4 “subparagraph (C)”;  
5 (ii) by striking paragraph (4); and  
6 (iii) by redesignating paragraphs (5),  
7 (6), and (7) as paragraphs (4), (5), and  
8 (6), respectively;  
9 (C) in section 402(c)(2)(B) (21 U.S.C.  
10 842(c)(2)(B)), by striking “, marihuana,”;  
11 (D) in section 403(d)(1) (21 U.S.C.  
12 843(d)(1)), by striking “, marihuana,”;  
13 (E) in section 418(a) (21 U.S.C. 859(a)),  
14 by striking the last sentence;  
15 (F) in section 419(a) (21 U.S.C. 860(a)),  
16 by striking the last sentence;  
17 (G) in section 422(d) (21 U.S.C.  
18 863(d))—  
19 (i) in the matter preceding paragraph  
20 (1), by striking “marijuana,”; and  
21 (ii) in paragraph (5), by striking “,  
22 such as a marihuana cigarette,”; and  
23 (H) in section 516(d) (21 U.S.C. 886(d)),  
24 by striking “section 401(b)(6)” each place the  
25 term appears and inserting “section 401(b)(5)”.

1           (2) Section 1010(b) of the Controlled Sub-  
2           stances Import and Export Act (21 U.S.C. 960) is  
3           amended—

4           (A) in paragraph (1)—

5           (i) in subparagraph (F), by inserting

6           “or” after the semicolon;

7           (ii) by striking subparagraph (G); and

8           (iii) by redesignating subparagraph

9           (H) as subparagraph (G);

10          (B) in paragraph (2)—

11          (i) in subparagraph (F), by inserting

12          “or” after the semicolon;

13          (ii) by striking subparagraph (G); and

14          (iii) by redesignating subparagraph

15          (H) as subparagraph (G);

16          (C) in paragraph (3), by striking “para-  
17          graphs (1), (2), and (4)” and inserting “para-  
18          graphs (1) and (2)”;

19          (D) by striking paragraph (4); and

20          (E) by redesignating paragraphs (5), (6),

21          and (7) as paragraphs (4), (5), and (6), respec-  
22          tively.

23          (c) OTHER CONFORMING AMENDMENTS.—

24           (1) NATIONAL FOREST SYSTEM DRUG CONTROL  
25           ACT OF 1986.—The National Forest System Drug



1 Control Act of 1986 (16 U.S.C. 559b et seq.) is  
2 amended—

3 (A) in section 15002(a) (16 U.S.C.  
4 559b(a)) by striking “marijuana and other”;

5 (B) in section 15003(2) (16 U.S.C.  
6 559c(2)) by striking “marijuana and other”;  
7 and

8 (C) in section 15004(2) (16 U.S.C.  
9 559d(2)) by striking “marijuana and other”.

10 (2) INTERCEPTION OF COMMUNICATIONS.—Sec-  
11 tion 2516 of title 18, United States Code, is amend-  
12 ed—

13 (A) in subsection (1)(e), by striking “mari-  
14 huana,”; and

15 (B) in subsection (2) by striking “mari-  
16 huana”.

17 (3) FMCSA PROVISIONS.—

18 (A) CONFORMING AMENDMENT.—Section  
19 31301(5) of title 49, United States Code, is  
20 amended by striking “section 31306,” and in-  
21 sserting “sections 31306, 31306a, and sub-  
22 sections (b) and (c) of section 31310,”.

23 (B) DEFINITION.—Section 31306(a) of  
24 title 49, United States Code, is amended—

1 (i) by striking “means any substance”

2 and inserting the following: “means—

3 “(A) any substance”; and

4 (ii) by striking the period at the end

5 and inserting:

6 “(B) any substance not covered under sub-

7 paragraph (A) that was a substance under such

8 section as of December 1, 2018, and specified

9 by the Secretary of Transportation.”.

10 (C) DISQUALIFICATIONS.—Section

11 31310(b) of title 49, United States Code, is

12 amended by adding at the end the following:

13 “(3) In this subsection and subsection (c), the

14 term ‘controlled substance’ has the meaning given

15 such term in section 31306(a).”.

16 (4) FAA PROVISIONS.—Section 45101 of title

17 49, United States Code, is amended—

18 (A) by striking “means any substance”

19 and inserting the following: “means—

20 “(A) any substance”; and

21 (B) by striking the period at the end and

22 inserting:

23 “(B) any substance not covered under sub-

24 paragraph (A) that was a substance under such

1 section as of December 1, 2018, and specified  
2 by the Secretary of Transportation.”.

3 (5) FRA PROVISIONS.—Section 20140(a) of  
4 title 49, United States Code, is amended—

5 (A) by striking “means any substance”  
6 and inserting the following: “means—

7 “(A) any substance”; and

8 (B) by striking the period at the end and  
9 inserting:

10 “(B) any substance not covered under sub-  
11 paragraph (A) that was a substance under such  
12 section as of December 1, 2018, and specified  
13 by the Secretary of Transportation.”.

14 (6) FTA PROVISIONS.—Section 5331(a)(1) of  
15 title 49, United States Code, is amended—

16 (A) by striking “means any substance”  
17 and inserting the following: “means—

18 “(A) any substance”; and

19 (B) by striking the period at the end and  
20 inserting:

21 “(B) any substance not covered under sub-  
22 paragraph (A) that was a substance under such  
23 section as of December 1, 2018, and whose use  
24 the Secretary of Transportation decides has a  
25 risk to transportation safety.”.

1           (7) GCA PROVISIONS.—Section 921(a) of title  
2           18, United States Code, is amended by adding at  
3           the end the following:

4           “(36) The term ‘unlawful user of or addicted to  
5           any controlled substance’ shall not include a person  
6           by reason of unlawful use of or addiction to mari-  
7           huana (as defined in section 102(16) of the Con-  
8           trolled Substances Act, 21 U.S.C. 802(16)).”.

9           (d) SECOND CHANCES FOR NONVIOLENT CANNABIS  
10          OFFENDERS.—

11           (1) RETROACTIVE APPLICATION TO MARIHUANA  
12          OFFENSES.—The amendments made by this section  
13          to the Controlled Substances Act (21 U.S.C. 801 et  
14          seq.) are retroactive and shall apply to any offense  
15          committed, case pending, conviction entered, and, in  
16          the case of a juvenile, any offense committed, case  
17          pending, or adjudication of juvenile delinquency en-  
18          tered before, on, or after the date of enactment of  
19          this Act—

20                   (A) LIMITATION OF RETROACTIVE APPLI-  
21                   CATION TO NONVIOLENT AND RELATED NON-  
22                   VIOLENT MARIHUANA OFFENSES.—Such appli-  
23                   cation and retroactivity described in this sub-  
24                   section (d) shall extend to any nonviolent of-  
25                   fense or offenses covered under paragraph (1)

1 and any related nonviolent offenses that would  
2 not have satisfied all elements of the charged  
3 offense or offenses but for the involvement of  
4 marijuana, marihuana as defined in 21 U.S.C.  
5 802(16), or tetrahydrocannabinols, related non-  
6 violent cases pending, related nonviolent convic-  
7 tions entered, and, in the case of a juvenile, any  
8 related nonviolent offense committed, related  
9 nonviolent case pending, or related nonviolent  
10 adjudication of juvenile delinquency entered be-  
11 fore, on, or after the date of enactment of this  
12 Act. This provision is meant to be extended to  
13 nonviolent offenses charged, pending, or other-  
14 wise, previously found to be crimes of violence  
15 subsequently found to be unconstitutionally  
16 vague or restricted, e.g., *United States v. Davis*,  
17 139 S. Ct. 2319 (2019) (holding 18 U.S.C.  
18 924(c) residual clause unconstitutionally  
19 vague); *Sessions v. Dimaya*, 138 S. Ct. 1204  
20 (2018) (finding 18 U.S.C. 16(b) to be unconsti-  
21 tutionally void for vagueness as incorporated  
22 into other statutes).

23 (B) LIMITATION TO ONLY CANNABIS.—

24 This provision applies solely to persons who  
25 traded exclusively in marijuana, marihuana as

1 defined in 21 U.S.C. 802(16), or  
2 tetrahydrocannabinols rather than other sub-  
3 stances controlled under the Controlled Sub-  
4 stances Act.

5 (C) SCOPE.—This provision applies to each  
6 and every organ of the Federal Government.

7 (D) POST-PASSAGE LIMITATION.—This  
8 provision does not apply to acts or transactions  
9 occurring after the passage of this Act that are  
10 not in compliance with this Act and other appli-  
11 cable laws.

12 (E) FOREIGN DRUG CARTEL MEMBERS  
13 SPECIFICALLY EXCLUDED.—This provision does  
14 not apply to persons that are or were merely  
15 the instrumentality of a foreign agent, “drug  
16 cartel”, or power.

17 (F) DUI EXCLUSION.—This provision does  
18 not apply specifically to convictions or sentences  
19 of an offense of operating a motor vehicle under  
20 the influence of a drug or alcohol within the  
21 meaning of title 18 of the United States Code,  
22 section 13(b), an offense of operating or being  
23 in actual physical control of a motor vehicle  
24 within the meaning of title 36, section 4.23 of  
25 the Code of Federal Regulations, or drunken or

1 reckless operation of vehicle, aircraft or vessel  
2 within the meaning of article 111 of the Uni-  
3 form Code of Military Justice, title 10 of the  
4 United States Code, section 911.

5 (G) JUDICIAL REVIEW.—Questions of non-  
6 violence are reviewable in any proceeding initi-  
7 ated under this subsection (d) or the following  
8 subsection (e). For an example of a person con-  
9 sidered under this law to be a nonviolent can-  
10 nabis offender based on the totality of facts in  
11 the case, please refer to the case of United  
12 States v. Angelos, 345 F. Supp. 2d 1227 (D.  
13 Utah 2004).

14 (2) APPLICATION TO PENDING ACTIONS.—For  
15 all pending criminal charges or cases and convictions  
16 awaiting sentencing impacted by amendments made  
17 by this subsection to the Controlled Substances Act  
18 (21 U.S.C. 801 et seq.), the attorney for the Govern-  
19 ment shall drop the relevant charges or seek dis-  
20 missal of all pending charges within 14 days after  
21 the date of enactment of this Act. Any person held  
22 in pretrial detention and entitled to dismissal of rel-  
23 evant charges under this provision, and not detained  
24 for any other reason, shall be entitled to issuance of

1 a writ under 28 U.S.C. 2241 or 28 U.S.C. 1361, to  
2 effectuate immediate release.

3 (3) APPLICATION TO DEFENDANTS PREVIOUSLY  
4 SENTENCED.—In the case of a defendant who, be-  
5 fore the date of enactment of this Act, was convicted  
6 or sentenced for any Federal offense involving mari-  
7 juana, marihuana as defined in 21 U.S.C. 802(16),  
8 or tetrahydrocannabinols and not serving a sentence  
9 for any conduct not covered by this Act or serving  
10 multiple sentences as provided in 18 U.S.C. 3584,  
11 the Director of the Bureau of Prisons, United States  
12 Marshals Service, or U.S. Parole Commission shall  
13 release such individual from its control within 14  
14 days after the date of enactment of this Act. Any  
15 person not so timely released and entitled to such  
16 under this provision shall be entitled to issuance of  
17 a writ under 28 U.S.C. 2241 or 28 U.S.C. 1361, to  
18 effectuate immediate release.

19 (4) CUMULATIVE SENTENCING RECONSIDER-  
20 ATION.—In the case of a defendant who, before the  
21 date of enactment of this Act, was convicted or sen-  
22 tenced for any Federal offense involving marijuana,  
23 marihuana, or tetrahydrocannabinols but is also  
24 serving a sentence for any other crime not covered  
25 by this Act, the sentencing court may, on motion of



1 the defendant, the Director of the Bureau of Pris-  
2 ons, the attorney for the Government, or on its own  
3 motion, impose a reduced sentence after considering  
4 the factors set forth in section 3553(a) of title 18,  
5 United States Code.

6 (5) CESSATION OF ALL MARIHUANA ADMINIS-  
7 TRATIVE ACTIONS AND REPATRIATION OF PROP-  
8 ERTY.—Notwithstanding any other provision of law,  
9 the Federal Government shall not pursue, and shall  
10 immediately desist any present administrative or en-  
11 forcement action, or criminal or civil asset forfeiture  
12 proceeding, against any U.S. person where the cause  
13 of controversy is rooted in the illicit marihuana, as  
14 defined in 21 U.S.C. 802(16), or  
15 tetrahydrocannabinols trade for nonviolent acts hav-  
16 ing occurred between the passage of the Marijuana  
17 Tax Act of 1937 (Public Law 75–238, 50 Stat. 551)  
18 and this Act, nor shall the proceeds of such trade or  
19 acts be considered the proceeds of illegal drug trade  
20 or any kind of criminal or illicit activity under sec-  
21 tions 981, 1956 or 1957 of title 18, United States  
22 Code, or any other provision of law, even if such ac-  
23 tivity occurred before the date of enactment of this  
24 Act.

1 (A) LIMITATION TO ONLY CANNABIS.—  
2 This provision applies solely to persons who  
3 traded exclusively in marijuana, marihuana as  
4 defined in 21 U.S.C. 802(16), or  
5 tetrahydrocannabinols rather than other sub-  
6 stances controlled under the Controlled Sub-  
7 stances Act.

8 (B) SCOPE.—This provision applies to  
9 each and every organ of the Federal Govern-  
10 ment.

11 (C) POST-PASSAGE LIMITATION.—This  
12 provision does not apply to acts or transaction  
13 occurring after the passage of this Act that are  
14 not in compliance with this Act and other appli-  
15 cable laws.

16 (D) FOREIGN DRUG CARTEL MEMBERS  
17 SPECIFICALLY EXCLUDED.—This provision does  
18 not apply to persons that are or were merely  
19 the instrumentality of a foreign agent, “drug  
20 cartel”, or power.

21 (E) DUI EXCLUSION.—This provision does  
22 not apply specifically to convictions or sentences  
23 of an offense of operating a motor vehicle under  
24 the influence of a drug or alcohol within the  
25 meaning of title 18 of the United States Code,

1 section 13(b), an offense of operating or being  
2 in actual physical control of a motor vehicle  
3 within the meaning of title 36, section 4.23 of  
4 the Code of Federal Regulations, or drunken or  
5 reckless operation of a vehicle, aircraft or vessel  
6 within the meaning of article 111 of the Uni-  
7 form Code of Military Justice, title 10 of the  
8 United States Code, section 911.

9 (6) APPLICATION TO MILITARY LAW.—Notwith-  
10 standing any other provision of law, the provisions  
11 of this subsection (d) shall apply to proceedings in-  
12 volving military courts, tribunals, courts-martial,  
13 and offenses under the Uniform Code of Military  
14 Justice.

15 (A) Former servicemembers and veterans  
16 that received other than honorable, bad con-  
17 duct, or dishonorable discharges premised solely  
18 on nonviolent cannabis offenses covered under  
19 this subsection (d) shall be entitled to petition  
20 and receive from a service branch discharge re-  
21 view board or the Board of Correction for Mili-  
22 tary Records, as jurisdictionally appropriate, an  
23 upgrade to a general discharge.

1 (e) EXPUNGEMENT OF NONVIOLENT FEDERAL CAN-  
2 NABIS OFFENSES.—Subsection (c) of 18 U.S.C. 3607 is  
3 amended—

4 (1) by adding (1) before “If”;

5 (2) by adding the following after “thereof”:

6 “(2) Not later than 1 year after the date of the  
7 enactment of this Act, each Federal district shall  
8 conduct a comprehensive review and issue an order  
9 expunging, without financial commitment from the  
10 offender, each conviction or adjudication for any  
11 Federal offense involving marijuana, marihuana as  
12 defined in 21 U.S.C. 802(16), or  
13 tetrahydrocannabinols, including related nonviolent  
14 marihuana offenses, entered by each Federal court  
15 in the district before the date of enactment of this  
16 Act. Each Federal court shall also issue an order  
17 expunging any arrests associated with each ex-  
18 punged conviction or adjudication. The expungement  
19 order shall direct that there be expunged from all of-  
20 ficial records all references to his or her arrest for  
21 the offense, the institution of criminal proceedings  
22 against him, and the results thereof.”; and

23 (3) by adding (3) before “The.”.

1           **TITLE II—REGULATION OF**  
2           **MARIJUANA LIKE ALCOHOL**

3   **SEC. 201. FOOD AND DRUG ADMINISTRATION.**

4           (a) The Food and Drug Administration shall have the  
5 same authorities with respect to cannabis products that  
6 it has with respect to alcohol and no more.

7           (b) This clause shall not be construed to limit the  
8 Food and Drug Administration’s role in regulating des-  
9 ignated State medical cannabis products, drugs or botan-  
10 ical drugs containing cannabis or its derivatives, cannabis  
11 cosmetics, or dietary supplements containing cannabis or  
12 its derivatives under part J of subchapter V of chapter  
13 9 of title 21 of the United States Code (the Federal Food,  
14 Drug, and Cosmetic Act).

15   **SEC. 202. DEPARTMENT OF AGRICULTURE REGULATION OF**  
16                   **RAW CANNABIS LIKE BARLEY, HOPS, AND**  
17                   **GRAIN.**

18           (a) **USDA TO REGULATE RAW CANNABIS FARM-**  
19 **ING.**—The United States Department of Agriculture shall  
20 regulate the farming and production of raw cannabis, in-  
21 cluding, but not limited to, the seeds, mature stalks, and  
22 cultivation of raw cannabis as a traditional agricultural  
23 commodity, such as grain, hops, and barley, and as a spe-  
24 cialty crop.

1 (b) RULEMAKING AUTHORITY.—Not later than 90  
2 days after the date of enactment of this Act, the Secretary  
3 of Agriculture or his or her designee shall—

4 (1) issue guidance and enter formal rulemaking  
5 as necessary to carry out this Act and to bring raw  
6 cannabis into line with the treatment of other tradi-  
7 tional agricultural commodities, such as grain, hops,  
8 and barley;

9 (2) issue guidance dually designating raw can-  
10 nabis as a specialty crop in addition to an agricul-  
11 tural commodity; and

12 (3) without regard to the notice and comment  
13 provisions of section 553 of title 5, United States  
14 Code, the Secretary of Agriculture shall revise part  
15 990 of title 7, Code of Federal Regulations, make  
16 any conforming changes that are necessary as a re-  
17 sult of this section and the amendments made by  
18 this section.

19 (c) RAW CANNABIS DEFINED; NOT FINISHED CAN-  
20 NABIS PRODUCTS.—Raw cannabis refers to marihuana  
21 within the meaning of section 801(16) of the Controlled  
22 Substances Act (21 U.S.C. 801 et seq.) including, but not  
23 limited to, all parts of the plant *Cannabis sativa* L.,  
24 whether growing or not; the seeds thereof, and the mature  
25 stalks of the plant. Raw cannabis does not include finished

1 products meant for commercial sale as cannabis products  
2 regulated under title III of the Federal Alcohol Adminis-  
3 tration Act or designated State medical cannabis products  
4 regulated under part J of subchapter V of chapter 9 of  
5 title 21 of the United States Code (the Federal Food,  
6 Drug, and Cosmetic Act), such as the resin extracted from  
7 any part of such plant; and every compound, manufacture,  
8 salt, derivative, mixture, or preparation of such plant or  
9 its resin (or industrial hemp).

10 (d) RIGHT OF ACTION.—An adversely affected person  
11 or business shall have private right of action under the  
12 Administrative Procedure Act (5 U.S.C. 500 et seq.) and  
13 the Mandamus Act (28 U.S.C. 1361) to compel the Sec-  
14 retary or the designated officer, employee or agent of the  
15 Department of Agriculture to promulgate regulations or  
16 undertake and finalize rulemaking required under this Act  
17 that are not promulgated or published within the time  
18 frames set forth herein, or to act on applications for the  
19 permits or licenses herein required, within the time frames  
20 set forth herein, or to enjoin agency action. The exclusive  
21 venue for bringing any such action shall be the District  
22 Court for the District of Columbia. Upon demonstration  
23 of undue delay or failure to adhere strictly to statutory  
24 deadlines, or other violations of law and equity, equitable  
25 relief in the form of a writ of mandamus compelling action

1 shall issue, among such other relief as the court may see  
2 fit.

3 **SEC. 203. ADDITION OF RAW CANNABIS TO CERTAIN AU-**  
4 **THORITIES RELATING TO AGRICULTURAL**  
5 **PRODUCTION.**

6 (a) AGRICULTURAL MARKETING ACT OF 1946.—The  
7 Agricultural Marketing Act of 1946 (7 U.S.C. 1621 et  
8 seq.) is amended by adding at the end the following:

9 **“Subtitle H—Raw Cannabis**  
10 **Production**

11 **“SEC. 298A. DEFINITIONS.**

12 “In this subtitle:

13 “(1) RAW CANNABIS.—The term ‘raw cannabis’  
14 has the same meaning as it is given in section  
15 202(3) of the States Reform Act.

16 “(2) INDIAN TRIBE.—The term ‘Indian tribe’  
17 has the meaning given the term in section 4 of the  
18 Indian Self-Determination and Education Assistance  
19 Act (25 U.S.C. 5304).

20 “(3) SECRETARY.—The term ‘Secretary’ means  
21 the Secretary of Agriculture.

22 “(4) STATE.—The term ‘State’ means—

23 “(A) a State;

24 “(B) the District of Columbia;



1           “(C) the Commonwealth of Puerto Rico;  
2           and

3           “(D) any other territory or possession of  
4           the United States.

5           “(5) STATE DEPARTMENT OF AGRICULTURE.—  
6           The term ‘State department of agriculture’ means  
7           the agency, commission, or department of a State  
8           government responsible for agriculture in the State.

9           “(6) TRIBAL GOVERNMENT.—The term ‘Tribal  
10          government’ means the governing body of an Indian  
11          tribe.

12       **“SEC. 298B. STATE AND TRIBAL PLANS.**

13       “(a) SUBMISSION.—

14           “(1) IN GENERAL.—A State or Indian tribe de-  
15          siring to have primary regulatory authority over the  
16          production of the raw cannabis in the State or terri-  
17          tory of the Indian tribe shall submit to the Sec-  
18          retary, through the State department of agriculture  
19          (in consultation with the Governor and chief law en-  
20          forcement officer of the State) or the Tribal govern-  
21          ment, as applicable, a plan under which the State or  
22          Indian tribe monitors and regulates that production  
23          as described in paragraph (2).

24           “(2) CONTENTS.—A State or Tribal plan re-  
25          ferred to in paragraph (1)—

1 “(A) shall only be required to include—

2 “(i) a practice to maintain relevant in-  
3 formation regarding land on which raw  
4 cannabis is produced in the State or terri-  
5 tory of the Indian tribe, including a legal  
6 description of the land, for a period of not  
7 less than 3 calendar years;

8 “(ii) a procedure for the effective dis-  
9 posal of products that are produced in vio-  
10 lation of this subtitle; and

11 “(iii) a procedure to comply with the  
12 enforcement procedures under subsection  
13 (d); and

14 “(B) may include any other practice or  
15 procedure established by a State or Indian  
16 tribe, as applicable, to the extent that the prac-  
17 tice or procedure is consistent with this subtitle.

18 “(3) RELATION TO STATE AND TRIBAL LAW.—

19 “(A) NO PREEMPTION.—Nothing in this  
20 subsection preempts or limits any law of a  
21 State or Indian tribe regulating the production  
22 of raw cannabis, to the extent that law is con-  
23 sistent with this subtitle.

24 “(B) REFERENCES IN PLANS.—A State or  
25 Tribal plan referred to in paragraph (1) may

1 include a reference to a law of the State or In-  
2 dian tribe regulating the production of raw can-  
3 nabis, to the extent that law is consistent with  
4 this subtitle.

5 “(b) APPROVAL.—

6 “(1) IN GENERAL.—Not later than 60 days  
7 after receipt of a State or Tribal plan under sub-  
8 section (a), the Secretary shall—

9 “(A) approve the State or Tribal plan if  
10 the State or Tribal plan complies with sub-  
11 section (a); or

12 “(B) disapprove the State or Tribal plan  
13 only if the State or Tribal plan does not comply  
14 with subsection (a).

15 “(2) AMENDED PLANS.—If the Secretary dis-  
16 approves a State or Tribal plan under paragraph  
17 (1)(B), the State, through the State department of  
18 agriculture (in consultation with the Governor and  
19 chief law enforcement officer of the State) or the  
20 Tribal government, as applicable, may submit to the  
21 Secretary an amended State or Tribal plan that  
22 complies with subsection (a).

23 “(c) TECHNICAL ASSISTANCE.—The Secretary may  
24 provide technical assistance to a State or Indian tribe in

1 the development of a State or Tribal plan under subsection  
2 (a).

3 “(d) VIOLATIONS.—

4 “(1) IN GENERAL.—A violation of a State or  
5 Tribal plan approved under subsection (b) shall be  
6 subject to enforcement solely in accordance with this  
7 subsection.

8 “(2) NEGLIGENT VIOLATIONS.—

9 “(A) IN GENERAL.—A raw cannabis pro-  
10 ducer in a State or the territory of an Indian  
11 tribe for which a State or Tribal plan is ap-  
12 proved under subsection (b) shall be subject to  
13 subparagraph (B) of this paragraph if the State  
14 department of agriculture or Tribal govern-  
15 ment, as applicable, determines that the raw  
16 cannabis producer has negligently violated the  
17 State or Tribal plan, including by negligently—

18 “(i) failing to provide a legal descrip-  
19 tion of land on which the producer pro-  
20 duces raw cannabis; or

21 “(ii) failing to obtain a license or  
22 other required authorization from the  
23 State department of agriculture or Tribal  
24 government, as applicable.

1           “(B) CORRECTIVE ACTION PLAN.—A raw  
2 cannabis producer described in subparagraph  
3 (A) shall comply with a plan established by the  
4 State department of agriculture or Tribal gov-  
5 ernment, as applicable, to correct the negligent  
6 violation, including—

7           “(i) a reasonable date by which the  
8 raw cannabis producer shall correct the  
9 negligent violation; and

10           “(ii) a requirement that the raw can-  
11 nabis producer shall periodically report to  
12 the State department of agriculture or  
13 Tribal government, as applicable, on the  
14 compliance of the raw cannabis producer  
15 with the State or Tribal plan for a period  
16 of not less than the next 2 calendar years.

17           “(C) RESULT OF NEGLIGENT VIOLA-  
18 TION.—Except as provided in subparagraph  
19 (D), a raw cannabis producer that negligently  
20 violates a State or Tribal plan under subpara-  
21 graph (A) shall not be subject to any criminal  
22 or civil enforcement action by the Federal Gov-  
23 ernment or any State government, Tribal gov-  
24 ernment, or local government other than the en-

1           forcement action authorized under subpara-  
2           graph (B).

3           “(D) REPEAT VIOLATIONS.—A raw can-  
4           nabis producer that negligently violates a State  
5           or Tribal plan under subparagraph (A) 3 times  
6           in a 5-year period shall be ineligible to produce  
7           raw cannabis for a period of 5 years beginning  
8           on the date of the third violation.

9           “(3) OTHER VIOLATIONS.—If the State depart-  
10          ment of agriculture or Tribal government in a State  
11          or the territory of an Indian tribe for which a State  
12          or Tribal plan is approved under subsection (b), as  
13          applicable, determines that a raw cannabis producer  
14          in the State or territory has violated the State or  
15          Tribal plan with a culpable mental state greater  
16          than negligence—

17                 “(A) the State department of agriculture  
18                 or Tribal government, as applicable, shall im-  
19                 mediately report the raw cannabis producer  
20                 to—

21                         “(i) the Secretary of Agriculture; and

22                         “(ii) in the case of a State department  
23                         of agriculture, the chief agricultural official  
24                         of the State; and

1                   “(B) paragraph (1) of this subsection shall  
2                   not apply to the violation.

3                   “(e) AUTHORIZATION OF APPROPRIATIONS.—There  
4 are authorized to be appropriated such sums as are nec-  
5 essary to carry out this section.

6                   “(f) EFFECT.—Nothing in this section prohibits the  
7 production of raw cannabis in a State or the territory of  
8 an Indian tribe for which a State or Tribal plan is not  
9 approved under this section in accordance with other Fed-  
10 eral laws (including regulations).

11 **“SEC. 298C. DEPARTMENT OF AGRICULTURE PLAN.**

12                   “(a) DEPARTMENT OF AGRICULTURE PLAN.—

13                   “(1) IN GENERAL.—In the case of a State or  
14 Indian tribe for which a State or Tribal plan is not  
15 approved under section 298B, the production of raw  
16 cannabis in that State or the territory of that Indian  
17 tribe shall be subject to a plan established by the  
18 Secretary to monitor and regulate that production in  
19 accordance with paragraph (2).

20                   “(2) CONTENT.—A plan established by the Sec-  
21 retary under paragraph (1) shall include—

22                   “(A) a practice to maintain relevant infor-  
23 mation regarding land on which raw cannabis is  
24 produced in the State or territory of the Indian

1           tribe, including a legal description of the land,  
2           for a period of not less than 3 calendar years;

3           “(B) a procedure for the effective disposal  
4           of—

5                     “(i) plants, whether growing or not,  
6                     that are produced in violation of this sub-  
7                     title; and

8                     “(ii) products derived from those  
9                     plants;

10           “(C) a procedure to comply with the en-  
11           forcement procedures under subsection (c)(2);

12           “(D) a procedure for conducting annual in-  
13           spections of, at a minimum, a random sample  
14           of raw cannabis producers to verify that raw  
15           cannabis is not produced in violation of this  
16           subtitle; and

17           “(E) such other practices or procedures as  
18           the Secretary considers to be appropriate, to  
19           the extent that the practice or procedure is con-  
20           sistent with this subtitle.

21           “(b) LICENSING.—The Secretary shall establish a  
22           procedure to issue licenses to raw cannabis producers in  
23           accordance with a plan established under subsection (a).

24           “(c) VIOLATIONS.—



1           “(1) IN GENERAL.—In the case of a State or  
2           Indian tribe for which a State or Tribal plan is not  
3           approved under section 298B, it shall be unlawful to  
4           produce raw cannabis in that State or the territory  
5           of that Indian tribe without a license issued by the  
6           Secretary under subsection (b).

7           “(2) NEGLIGENT AND OTHER VIOLATIONS.—A  
8           violation of a plan established under subsection (a)  
9           shall be subject to enforcement in accordance with  
10          paragraphs (2) and (3) of section 298B(d), except  
11          that the Secretary shall carry out that enforcement  
12          instead of a State department of agriculture or Trib-  
13          al government.

14   **“SEC. 298D. AUTHORITY TO ISSUE REGULATIONS AND**  
15                           **GUIDELINES.**

16          “(a) The Secretary shall have sole authority to issue  
17          Federal regulations and guidelines that relate to the pro-  
18          duction of raw cannabis, including Federal regulations  
19          and guidelines that relate to the implementation of section  
20          298B.

21          “(b) No later than 90 days after enactment, the Sec-  
22          retary of Agriculture shall propose regulations imple-  
23          menting this Act.

24          “(c) RIGHT OF ACTION.—An adversely affected per-  
25          son or business shall have private right of action under

1 the Administrative Procedure Act (5 U.S.C. 500 et seq.)  
2 and the Mandamus Act (28 U.S.C. 1361) to compel the  
3 Secretary or the designated officer, employee or agent of  
4 the Department of Agriculture to promulgate regulations  
5 or undertake and finalize rulemaking required under this  
6 Act that are not promulgated or published within the time  
7 frames set forth herein, or to act on applications for the  
8 permits or licenses herein required, within the time frames  
9 set forth herein, or to enjoin agency action. The exclusive  
10 venue for bringing any such action shall be the District  
11 Court for the District of Columbia. Upon demonstration  
12 of undue delay or failure to adhere strictly to statutory  
13 deadlines, or other violations of law and equity, equitable  
14 relief in the form of a writ of mandamus compelling action  
15 shall issue, among such other relief as the court may see  
16 fit.”.

17 (b) FUNDING FOR RAW CANNABIS RESEARCH.—

18 (1) SUPPLEMENTAL AND ALTERNATIVE  
19 CROPS.—Section 1473D(c)(3)(E) of the National  
20 Agricultural Research, Extension, and Teaching Pol-  
21 icy Act of 1977 (7 U.S.C. 3319d(c)(3)(E)) is  
22 amended by striking “(including hemp (as defined in  
23 section 297A of the Agricultural Marketing Act of  
24 1946))” and by inserting “(including hemp and raw  
25 cannabis (as defined in sections 297A and 298A of

1 the Agricultural Marketing Act of 1946, respec-  
2 tively))” after “material”.

3 (2) CRITICAL AGRICULTURAL MATERIALS.—

4 Section 5(b)(9) of the Critical Agricultural Materials  
5 Act (7 U.S.C. 178c(b)(9)) is amended by striking  
6 “(including hemp (as defined in section 297A of the  
7 Agricultural Marketing Act of 1946))” and by in-  
8 serting “(including hemp and raw cannabis (as de-  
9 fined in sections 297A and 298A of the Agricultural  
10 Marketing Act of 1946, respectively))” after “hydro-  
11 carbon-containing plants”.

12 (c) LEGITIMACY OF RAW CANNABIS RESEARCH.—

13 (1) IN GENERAL.—Section 7606 of the Agricul-  
14 tural Act of 2014 (7 U.S.C. 5940) is amended—

15 (A) in subsection (b), by inserting “or raw  
16 cannabis” after each appearance of “hemp” in  
17 subsection (b); and

18 (B) by adding at the end the following:

19 “(d) RAW CANNABIS STUDY AND REPORT.—

20 “(1) IN GENERAL.—The Secretary shall con-  
21 duct a study of agricultural pilot programs to deter-  
22 mine the economic viability of the domestic produc-  
23 tion and sale of raw cannabis.

24 “(2) REPORT.—Not later than 120 days after  
25 the date of enactment of this subsection, the Sec-

1       retary shall submit to Congress a report describing  
2       the results of the study conducted under paragraph  
3       (1).”.

4       (d) FEDERAL CROP INSURANCE.—

5             (1) DEFINITION OF RAW CANNABIS.—Section  
6       502(b) of the Federal Crop Insurance Act (7 U.S.C.  
7       1502(b)) is amended—

8             (A) by redesignating paragraphs (10)  
9             through (14) as paragraphs (11) through (15),  
10            respectively; and

11            (B) by inserting after paragraph (9) the  
12            following:

13            “(9) RAW CANNABIS.—The term ‘raw cannabis’  
14            has the meaning given the term in section 298A of  
15            the Agricultural Marketing Act of 1946.”.

16            (2) INSURANCE PERIOD.—Section 508(a)(2) of  
17       the Federal Crop Insurance Act (7 U.S.C.  
18       1508(a)(2)) is amended by striking “sweet potatoes,  
19       and hemp” and inserting “sweet potatoes, hemp,  
20       and raw cannabis”.

21            (3) SUBMISSION OF POLICIES AND MATERIALS  
22       TO BOARD.—Section 508(h) of the Federal Crop In-  
23       surance Act (7 U.S.C. 1508(h)) is amended—

24            (A) in paragraph (1)(B)—

25            (i) by adding at the end the following:

1 “(iii) WAIVER FOR RAW CANNABIS.—

2 The Corporation may waive the viability  
3 and marketability requirement under  
4 clause (i)(I) in the case of a policy or pilot  
5 program relating to the production of raw  
6 cannabis.”; and

7 (B) in paragraph (3)(C)—

8 (i) by adding at the end the following:

9 “(v) in the case of reviewing policies and other mate-  
10 rials relating to the production of raw cannabis, may waive  
11 the viability and marketability requirement under sub-  
12 paragraph (A)(ii)(I).”.

13 (4) AGRICULTURAL COMMODITY.—Section 518  
14 of the Federal Crop Insurance Act (7 U.S.C. 1518)  
15 is amended by inserting “raw cannabis,” before  
16 “aquacultural species”.

17 (5) RESEARCH AND DEVELOPMENT AUTHOR-  
18 ITY.—Section 522(b) of the Federal Crop Insurance  
19 Act (7 U.S.C. 1522(b)) is amended—

20 (A) in paragraph (2), by adding at the end  
21 the following:

22 “(L) WAIVER FOR RAW CANNABIS.—The  
23 Board may waive the viability and marketability  
24 requirements under this paragraph in the case

1 of research and development relating to a policy  
2 to insure the production of raw cannabis.”; and

3 (B) in paragraph (3)—

4 (i) by adding at the end the following:

5 “(C) WAIVER FOR RAW CANNABIS.—The  
6 Corporation may waive the marketability re-  
7 quirement under subparagraph (A) in the case  
8 of research and development relating to a policy  
9 to insure the production of raw cannabis.”.

10 (e) SPECIALTY CROP BLOCK GRANTS.—Section 3 of  
11 the Specialty Crops Competitiveness Act of 2004 (7  
12 U.S.C. 1621 note; Public Law 108–465) is amended in  
13 paragraph (1), by inserting “hemp and raw cannabis (as  
14 defined in sections 297A and 298A of the Agricultural  
15 Marketing Act of 1946, respectively)” after “horticulture”  
16 and before “and”.

17 **SEC. 204. ADMINISTRATION LIKE ALCOHOL UNDER TAX**  
18 **AND TRADE BUREAU.**

19 (a) ADDITION OF CANNABIS TO CERTAIN LEGAL AU-  
20 THORITIES RELATING TO INTOXICATING LIQUORS.—

21 (1) WILSON ACT.—The Act of August 8, 1890  
22 (commonly known as the Wilson Act or the Original  
23 Packages Act; 27 U.S.C. 121), is amended—

24 (A) by inserting “, or cannabis,” after “in-  
25 toxicating liquors or liquids”; and

1 (B) by striking “such liquids or liquors”  
2 and inserting “such liquids, liquors, or can-  
3 nabis”.

4 (2) WEBB-KENYON ACT.—The Act of March 1,  
5 1913 (commonly known as the Webb-Kenyon Act;  
6 27 U.S.C. 122), is amended—

7 (A) by inserting “cannabis or any” after  
8 “whatsoever, of any”;

9 (B) by inserting “cannabis or” after  
10 “which said”; and

11 (C) by adding at the end of section 122b  
12 the following new subsection:

13 “(c) CANNABIS REGULATION.—The Secretary of the  
14 Treasury, acting through the Alcohol and Tobacco Tax  
15 and Trade Bureau of the Department of the Treasury  
16 shall have primary authority regarding Federal regulation  
17 of the interstate and international trade in, and pro-  
18 motion, sale, and distribution of, cannabis products.

19 “(1) The Secretary shall, not later than 6  
20 months after the enactment of this Act, publish an  
21 interim final rule in accordance with the Administra-  
22 tive Procedure Act (5 U.S.C. 500 et seq.) regarding  
23 the promotion, sale, and distribution of cannabis  
24 products. No later than 9 months after the enact-  
25 ment of this Act, the Secretary shall finalize and

1 publish, as a final rule, regulations regarding the  
2 promotion, sale, and distribution of cannabis prod-  
3 ucts.

4 “(2) The Secretary shall expeditiously develop  
5 and implement a track-and-trace system for can-  
6 nabis in interstate commerce.

7 “(3) Not later than 1 year after the date of en-  
8 actment of this Act the Secretary shall publish an  
9 interim final rule, and not later than 2 years after  
10 such date of enactment the Secretary shall finalize  
11 regulations regarding the promotion, sale, and dis-  
12 tribution of cannabis products that occur through  
13 means other than a direct, face-to-face exchange be-  
14 tween a retailer and a consumer, in order to prevent  
15 the sale and distribution of cannabis products to in-  
16 dividuals who have not attained the age of 21, in-  
17 cluding requirements for age verification.

18 “(d) RULE OF CONSTRUCTION.—It is the intention  
19 of Congress that this Act be read consistently with the  
20 jurisprudence interpreting the Acts amended above and  
21 not as superseding or changing prior construction of the  
22 Acts with respect to the laws of the United States gen-  
23 erally or the article I Commerce Clause.”.

24 (3) VICTIMS OF TRAFFICKING AND VIOLENCE  
25 PROTECTION ACT OF 2000.—Section 2 of the Victims



1 of Trafficking and Violence Protection Act of 2000  
2 (27 U.S.C. 122a) is amended—

3 (A) in subsection (a)—

4 (i) by redesignating paragraphs (3)  
5 and (4) as paragraphs (4) and (5), respec-  
6 tively; and

7 (ii) by inserting after paragraph (2)  
8 the following new paragraph:

9 “(3) the term ‘marijuana’ has the meaning  
10 given the term ‘marihuana’ in section 102 of the  
11 Controlled Substances Act (21 U.S.C. 802);” and

12 (B) in subsections (b) and (c), by inserting  
13 “or marijuana” after “intoxicating liquor” each  
14 place it appears.

15 **SEC. 205. TRANSFERRING AGENCY FUNCTIONS WITH RE-**  
16 **GARD TO MARIJUANA.**

17 (a) **TRANSFER OF JURISDICTION FROM DRUG EN-**  
18 **FORCEMENT ADMINISTRATION TO BUREAU OF ALCOHOL,**  
19 **TOBACCO, FIREARMS AND EXPLOSIVES.**—The functions  
20 of the Attorney General, acting through the Administrator  
21 of the Drug Enforcement Administration relating to can-  
22 nabis enforcement, shall hereafter be administered by the  
23 Attorney General, acting through the Director of the Bu-  
24 reau of Alcohol, Tobacco, Firearms and Explosives.

1 (b) REDESIGNATION OF BUREAU OF ALCOHOL, TO-  
2 BACCO, FIREARMS AND EXPLOSIVES AS BUREAU OF AL-  
3 COHOL, TOBACCO, CANNABIS, FIREARMS AND EXPLO-  
4 SIVES.—

5 (1) REDESIGNATION.—The Bureau of Alcohol,  
6 Tobacco, Firearms and Explosives is hereby re-  
7 named the “Bureau of Alcohol, Tobacco, Cannabis,  
8 Firearms and Explosives”.

9 (2) REFERENCES.—Any reference to the Bu-  
10 reau of Alcohol, Tobacco, Firearms and Explosives  
11 in any law, regulation, map, document, record, or  
12 other paper of the United States shall be deemed to  
13 be a reference to the Bureau of Alcohol, Tobacco,  
14 Cannabis, Firearms and Explosives.

15 (c) REDESIGNATION OF ALCOHOL AND TOBACCO  
16 TAX AND TRADE BUREAU AS ALCOHOL, TOBACCO, AND  
17 CANNABIS TAX AND TRADE BUREAU.—

18 (1) REDESIGNATION.—Section 1111(d) of the  
19 Homeland Security Act of 2002 (6 U.S.C. 531(d))  
20 is amended by striking “Tax and Trade Bureau”  
21 each place it appears and inserting “Alcohol, To-  
22 bacco, and Cannabis Tax and Trade Bureau”.

23 (2) REFERENCES.—Any reference to the Tax  
24 and Trade Bureau or the Alcohol and Tobacco Tax  
25 and Trade Bureau in any law, regulation, map, doc-

1           ument, record, or other paper of the United States  
2           shall be deemed to be a reference to the Alcohol, To-  
3           bacco, and Cannabis Tax and Trade Bureau.

4 **SEC. 206. TRANSITION SAFE HARBOR AND ADMINISTRA-**  
5 **TIVE REMEDIES.**

6           (a) **SAFE HARBOR.**—No person shall be deemed to  
7 be in violation of this Act for engaging in interstate com-  
8 merce in cannabis products or designated State medical  
9 cannabis products, possessing cannabis products or des-  
10 igned State medical cannabis products, producing or  
11 manufacturing cannabis products or designated State  
12 medical cannabis products, or farming raw cannabis, until  
13 after the Secretary of the Treasury promulgates final reg-  
14 ulations in accordance with this Act. Nothing in this sec-  
15 tion shall be construed to impact in any respect obligations  
16 of any person to comply with otherwise applicable can-  
17 nabis laws of the State, Territory, or Possession of the  
18 United States in which they are doing business before the  
19 effective date of this Act.

20           (b) **PRIVATE RIGHT OF ACTION.**—Any State-licensed  
21 cannabis business or adversely affected person shall have  
22 private right of action under the Administrative Procedure  
23 Act (5 U.S.C. 500 et seq.) and the Mandamus Act (28  
24 U.S.C. 1361) to compel any officer, employee or agency  
25 of the United States to promulgate regulations required

1 under this Act that are not promulgated within the time  
2 frames set forth herein or to enjoin agency action. The  
3 exclusive venue for bringing any such action shall be the  
4 District Court for the District of Columbia. Upon dem-  
5 onstration of undue delay or failure to adhere strictly to  
6 statutory deadlines, equitable relief in the form of a writ  
7 of mandamus compelling action shall issue, among such  
8 other relief as the court may see fit.

9 (c) The term “State” as used in this section 206 in-  
10 cludes the District of Columbia, Puerto Rico, and any  
11 commonwealth, territory, enclave, or Indian tribe of the  
12 United States.

13 **SEC. 207. UNFAIR ADVERTISING PRACTICES AND 21 AGE**  
14 **LIMIT.**

15 (a) IN GENERAL.—It shall be unlawful for any per-  
16 son engaged in the business of importing marijuana into  
17 the United States, or cultivating, producing, manufac-  
18 turing, packaging, or warehousing marijuana, or pur-  
19 chasing marijuana for resale at wholesale, directly or indi-  
20 rectly or through an affiliate, to publish or disseminate  
21 or cause to be published or disseminated by radio broad-  
22 cast, or in any newspaper, periodical or other publication  
23 or by any sign or outdoor advertisement or any other  
24 printed or graphic matter, any advertisement of mari-  
25 juana, if such advertisement is in, or is calculated to in-

1 duce sales in, interstate or foreign commerce, or is dis-  
2 seminated by mail, unless such advertisement is in con-  
3 formity with such regulations, to be prescribed by the Sec-  
4 retary of the Treasury, or the Secretary's delegate (re-  
5 ferred to in this section as the "Secretary"), as will—

6           (1) prevent deception of the consumer with re-  
7 spect to the products advertised and as will prohibit,  
8 irrespective of falsity, such statements relating to  
9 manufacturing processes, analyses, guaranties, and  
10 scientific or irrelevant matters as the Secretary finds  
11 to be likely to mislead the consumer;

12           (2) provide the consumer with adequate infor-  
13 mation as to the identity and quality of the products  
14 advertised, the characteristics thereof, and the per-  
15 son responsible for the advertisement;

16           (3) prohibit statements that are disparaging of  
17 a competitor's products or are false, misleading, ob-  
18 scene, or indecent; and

19           (4) prevent statements inconsistent with any  
20 statement on the labeling of the products advertised.

21           (b) NONAPPLICATION TO PUBLISHERS AND BROAD-  
22 CASTERS.—The prohibitions of this section and regula-  
23 tions thereunder shall not apply to the publisher of any  
24 newspaper, periodical, or other publication, or radio broad-  
25 caster, or provider of an interactive computer service with-

1 in the meaning of the Communications Decency Act (47  
2 U.S.C. 230 et seq.), unless such publisher or radio broad-  
3 caster is engaged in the business of importing marijuana  
4 into the United States, or cultivating, producing, manufac-  
5 turing, packaging, or warehousing marijuana, or pur-  
6 chasing marijuana for resale at wholesale, directly or indi-  
7 rectly or through an affiliate.

8 (c) PROTECT KIDS.—Not later than 60 days after the  
9 date of enactment of this Act, the Secretary of the Treas-  
10 ury shall promulgate regulations that—

11 (1) require restrictions on the advertising and  
12 promotion of products related to cannabis, if the  
13 Secretary determines that such regulation would be  
14 appropriate for the protection of the public health,  
15 taking into account—

16 (A) the risks and benefits to the popu-  
17 lation of individuals age 21 and under, includ-  
18 ing users and nonusers of cannabis products;

19 (B) the increased or decreased likelihood  
20 that existing users of cannabis products who  
21 are age 18 and under will stop using such prod-  
22 ucts; and

23 (C) the increased or decreased likelihood  
24 that individuals age 21 and under who do not

1 use cannabis products will start using such  
2 products; and

3 (2) impose restrictions on the advertising and  
4 promotion of products related to cannabis consistent  
5 with and to the full extent permitted by the First  
6 Amendment to the Constitution of the United  
7 States.

8 (d) NATIONAL MINIMUM CANNABIS USE AGE OF  
9 21.—

10 (1) ESTABLISHMENT OF FEDERAL MINIMUM  
11 CANNABIS AGE.—Chapter 1 of title 23 of the United  
12 States Code, is amended by adding at the end the  
13 following—

14 “(a) WITHHOLDING OF FUNDS FOR NONCOMPLI-  
15 ANCE.—

16 “(1) IN GENERAL.—

17 “(A) The Secretary of Transportation shall  
18 withhold 8 per centum of the amount required  
19 to be apportioned to any State under each of  
20 sections 104(b)(1), 104(b)(3), and 104(b)(4) of  
21 title 23 of the United States Code on the first  
22 day of each fiscal year after the second fiscal  
23 year beginning after September 30, 2019, in  
24 which the purchase or public possession in such

1 State of cannabis by a person who is less than  
2 twenty-one years of age is lawful.

3 “(B) EFFECT OF WITHHOLDING OF  
4 FUNDS.—No funds withheld under this section  
5 from apportionment to any State after Sep-  
6 tember 30, 2019, shall be available for appor-  
7 tionment to that State.

8 “(C) CANNABIS DEFINED.—As used in this  
9 section, the term ‘cannabis’ means the same as  
10 ‘marihuana’ as defined in 21 U.S.C. 802(16).

11 “(D) MEDICAL EXCEPTION.—The Sec-  
12 retary shall not apply any withholding under  
13 this section to States that lawfully permit the  
14 use of designated State medical cannabis prod-  
15 ucts, within the meaning of part J of sub-  
16 chapter V of chapter 9 of title 21 of the United  
17 States Code (the Federal Food, Drug, and Cos-  
18 metic Act), by persons under the age of 21 on  
19 the recommendation or prescription of a quali-  
20 fied medical professional consistent with State  
21 law.”.



1 **SEC. 208. FEDERAL CANNABIS ADMINISTRATION UNDER**  
 2 **THE FEDERAL ALCOHOL ADMINISTRATION**  
 3 **ACT.**

4 The Federal Alcohol Administration Act (27 U.S.C.  
 5 201 et seq.) is amended by adding at the end the fol-  
 6 lowing:

7 **“TITLE III—CANNABIS**

“Sec. 301. Unlawful business without cannabis permit.

“Sec. 302. Procedure for issuance of cannabis permit.

“Sec. 304. Definitions.

8 **“SEC. 301. UNLAWFUL BUSINESS WITHOUT CANNABIS PER-**  
 9 **MIT.**

10 “In order to regulate effectively interstate and for-  
 11 eign commerce in cannabis and to protect the revenue and  
 12 enforce the postal laws with respect to cannabis:

13 “(a) IN GENERAL.—Notwithstanding section 205 of  
 14 the States Reform Act, every person, before commencing  
 15 commerce in cannabis, and at such other time as the Sec-  
 16 retary shall by regulation prescribe, shall make application  
 17 for the permit provided for in section 302. The application  
 18 shall be in such form as the Secretary shall prescribe and  
 19 shall set forth, truthfully and accurately, the information  
 20 called for on the form.

21 “(b) IMPORT.—It shall be unlawful, except pursuant  
 22 to a permit issued under this title by the Secretary of the  
 23 Treasury (hereinafter in this title referred to as the ‘Sec-  
 24 retary’)—

1           “(1) to engage in the business of importing  
2 cannabis into the United States; or

3           “(2) for any person so engaged to sell, offer or  
4 deliver for sale, contract to sell, or ship, in interstate  
5 or foreign commerce, directly or indirectly or  
6 through an affiliate, cannabis so imported.

7           “(c) MANUFACTURE AND SALE.—It shall be unlaw-  
8 ful, except pursuant to a permit issued under this title  
9 by the Secretary—

10           “(1) to engage in the business of producing,  
11 manufacturing, packaging, or warehousing cannabis;  
12 or

13           “(2) for any person so engaged to sell, offer or  
14 deliver for sale, contract to sell, or ship, in interstate  
15 or foreign commerce, directly or indirectly or  
16 through an affiliate, cannabis so produced, manufac-  
17 tured, packaged, or warehoused.

18           “(d) RESALE.—It shall be unlawful, except pursuant  
19 to a permit issued under this title by the Secretary—

20           “(1) to engage in the business of purchasing  
21 cannabis for resale at wholesale; or

22           “(2) for any person so engaged to receive or to  
23 sell, offer or deliver for sale, contract to sell, or ship,  
24 in interstate or foreign commerce, directly or indi-  
25 rectly or through an affiliate, cannabis so purchased.

1 “(e) REMEDIES FOR VIOLATIONS.—

2 “(1) CIVIL FINE.—

3 “(A) GENERALLY.—Whoever violates this  
4 section shall be fined not more than \$1,000.

5 “(B) SETTLEMENT IN COMPROMISE.—The  
6 Secretary may decide not to refer a violation of  
7 this section to the Attorney General for pros-  
8 ecution but instead to collect a payment from  
9 the violator of no more than \$500 for that vio-  
10 lation.

11 “(2) CIVIL ACTION FOR RELIEF.—The Attorney  
12 General may, in a civil action, obtain appropriate re-  
13 lief to prevent and restrain a violation of this title.

14 **“SEC. 302. PROCEDURE FOR ISSUANCE OF CANNABIS PER-**  
15 **MIT.**

16 “(a) WHO ENTITLED TO PERMIT.—

17 “(1) GENERALLY.—The Secretary shall issue a  
18 permit for operations requiring a permit under Sec-  
19 tion 301, and the applicant shall be entitled to such,  
20 unless the Secretary finds that—

21 “(A) the applicant (or if the applicant is a  
22 corporation, any of its officers, directors, or  
23 principal stockholders) has, prior to the date of  
24 application, been convicted of a disqualifying of-  
25 fense;

1           “(B) the applicant is, by reason of busi-  
2           ness experience, financial standing, or trade  
3           connections, not likely to commence operations  
4           within a reasonable period or to maintain such  
5           operations in conformity with Federal law;

6           “(C) that the operations proposed to be  
7           conducted by the applicant are in violation of  
8           the law of the State in which they are to be  
9           conducted; or

10          “(D) the applicant has failed to disclose  
11          any material information required or made any  
12          material false statement in the application  
13          therefor.

14          “(2) DISQUALIFYING OFFENSES.—For the pur-  
15          poses of paragraph (1)—

16                 “(A) GENERALLY.—Except as provided for  
17                 in subparagraph (B), a disqualifying offense is  
18                 an offense related to the production, consump-  
19                 tion, or sale of marijuana that is—

20                         “(i) a felony under Federal or State  
21                         law, if the conviction occurred not later  
22                         than 3 years before the date of application;  
23                         or

1           “(ii) a misdemeanor under Federal or  
2           State law, if the conviction occurred not  
3           later than 1 year before the application.

4           “(B) EXCLUDED OFFENSES.—A disquali-  
5           fying offense does not include a Federal or  
6           State offense based on conduct that—

7                   “(i) was legal under State law in the  
8                   State when and where the conduct took  
9                   place;

10                   “(ii) is as of the date of the applica-  
11                   tion, no longer an offense in that State; or

12                   “(iii) STATE SECOND CHANCES PRAC-  
13                   TICES SAFE HARBOR.—A State has exam-  
14                   ined the offense or offenses in question, or  
15                   is in the process of examining, for the  
16                   issuance of a State license to engage in  
17                   cannabis commerce, and has awarded the  
18                   applicant a State license to engage in can-  
19                   nabis commerce.

20           “(3) GRANDFATHERING AND PROSPECTIVE  
21           COMITY FOR STATE LICENSURE.—

22                   “(A) GRANDFATHERING.—Any person li-  
23                   censed by a State cannabis regulatory authority  
24                   before the passage of this Act to produce, ware-  
25                   house, distribute or otherwise transport can-

1 nabis products, and in good standing with that  
2 regulatory authority, shall be issued necessary  
3 Federal permits, licenses, or the like to engage  
4 in federally regulated commerce upon applica-  
5 tion for the same to the Alcohol and Tobacco  
6 Tax and Trade Bureau of the Department of  
7 the Treasury.

8 “(B) PROSPECTIVE FEDERAL-STATE PER-  
9 MIT COMITY.—Any person licensed by a State  
10 cannabis regulatory authority after the passage  
11 of this Act to produce, warehouse, distribute or  
12 otherwise transport cannabis products, and in  
13 good standing with that regulatory authority  
14 shall be issued necessary Federal permits to en-  
15 gage in federally regulated commerce upon ap-  
16 plication for the same.

17 “(C) RULE OF CONSTRUCTION.—Nothing  
18 in this Act, or the lawful exercise of rights or  
19 privileges granted herein, shall be construed to  
20 infringe upon or prejudice the ability of a State-  
21 licensed cannabis business to apply for a permit  
22 to engage in interstate or foreign commerce.

23 “(b) REFUSAL OF PERMIT; HEARING.—If upon ex-  
24 amination of any application for a permit the Secretary  
25 has reason to believe that the applicant is not entitled to

1 such permit, the Secretary shall so notify the applicant  
2 and, upon request by the applicant, afford the applicant  
3 due notice and opportunity for hearing on the application  
4 within the meaning of the Administrative Procedure Act  
5 (5 U.S.C. 500 et seq.). If the Secretary, after affording  
6 such notice and opportunity for hearing, still finds that  
7 the applicant is not entitled to a permit hereunder, the  
8 Secretary shall by order deny the application stating the  
9 findings that are the basis for the order. The provisions  
10 of 27 CFR part 200—Rules of Practice in Permit Pro-  
11 ceedings, as amended from time to time, shall be applica-  
12 ble to the jurisdiction, powers, and duties of the Secretary  
13 of the Treasury under this section.

14       “(c) FORM OF APPLICATION.—

15               “(1) GENERALLY.—The Secretary shall—

16                       “(A) prescribe within 60 days of the effec-  
17                       tive date of this Act, and consistent with the  
18                       Paperwork Reduction Act, the manner and  
19                       form of all applications for permits under this  
20                       title (including the facts to be set forth there-  
21                       in);

22                       “(B) prescribe the form of all permits; and

23                       “(C) specify in any permit the authority  
24                       conferred by the permit and the conditions of  
25                       that permit in accordance with this title.

1           “(2) SEPARATE TYPES OF APPLICATIONS AND  
2 PERMITS.—To the extent deemed necessary by the  
3 Secretary for the efficient administration of this  
4 title, the Secretary may require separate applications  
5 and permits with respect to the various classes of  
6 cannabis, and with respect to the various classes of  
7 persons entitled to permits under this title.

8           “(3) DISCLAIMER.—The issuance of a permit  
9 under this title does not deprive the United States  
10 of any remedy for a violation of law.

11          “(d) CONDITIONS.—A permit under this title shall be  
12 conditioned upon the following:

13           “(1) COMPLIANCE.—Compliance with all appli-  
14 cable Federal laws relating to production, sale and  
15 consumption of cannabis, as well as compliance with  
16 all applicable State laws relating to said activities in  
17 the State in which the permit applicant resides and  
18 does business.

19           “(2) USER FEE.—Payment to the Secretary of  
20 a reasonable permit fee in an amount determined by  
21 the Secretary to be sufficient collectively over time  
22 to offset the cost of implementing and overseeing all  
23 aspects of cannabis regulation by the Federal Gov-  
24 ernment. For the first 3 years following promulga-  
25 tion of regulations by the Secretary under section



1 204 of the States Reform Act, in order to ensure  
2 small business access, such fee may not exceed  
3 \$10,000 per permit.

4 “(A) SBA FEE WAIVER.—The Secretary  
5 shall waive the user fee for an applicant that is  
6 a small business or a socially and economically  
7 disadvantaged business that is a business with-  
8 in the meaning of the Small Business Act of  
9 1953 (15 U.S.C. chapter 14A), as interpreted  
10 by the Administrator of the Small Business Ad-  
11 ministration.

12 “(e) REVOCATION, SUSPENSION, AND ANNUL-  
13 MENT.—

14 “(1) GENERALLY.—After due notice and oppor-  
15 tunity for hearing consistent with the Administrative  
16 Procedure Act (5 U.S.C. 500 et seq.), the Secretary  
17 may order a permit under this title—

18 “(A) revoked or suspended for such period  
19 as the Secretary deems appropriate, if the Sec-  
20 retary finds that the permittee has willfully vio-  
21 lated any of the conditions of the permit, but  
22 for a first violation of the conditions the permit  
23 shall be subject to suspension only;

24 “(B) be revoked if the Secretary finds that  
25 the permittee has not engaged in the operations

1 authorized by the permit for a period of more  
2 than 2 years; or

3 “(C) be annulled if the Secretary finds  
4 that the permit was procured through fraud, or  
5 misrepresentation, or concealment of material  
6 fact.

7 “(2) ORDER TO STATE BASIS FOR ORDER.—  
8 The order shall state the findings that are the basis  
9 for the order.

10 “(f) SERVICE OF ORDERS.—Each order of the Sec-  
11 retary with respect to any denial of application, suspen-  
12 sion, revocation, annulment, or other proceedings, shall be  
13 served—

14 “(1) in person by any officer or employee of the  
15 Secretary designated by the Secretary or any inter-  
16 nal revenue or customs officer authorized by the  
17 Secretary for the purpose; or

18 “(2) by mailing the order by registered mail,  
19 addressed to the applicant or respondent at his or  
20 her last known address in the records of the Sec-  
21 retary.

22 “(g) PROCEEDINGS.—The provisions of 27 CFR part  
23 200—Rules of Practice in Permit Proceedings, as amend-  
24 ed from time to time, shall be applicable to the jurisdic-

1 tion, powers, and duties of the Secretary of the Treasury  
2 under this section.

3 “(h) DURATION.—

4 “(1) GENERAL RULE.—Except as otherwise  
5 provided in this subsection, a permit issued under  
6 this title shall continue in effect until suspended, re-  
7 voked, or annulled as provided in this title, or volun-  
8 tarily surrendered.

9 “(2) EFFECT OF TRANSFER.—If operations  
10 under a permit issued under this title are trans-  
11 ferred, the permit automatically terminates 30 days  
12 after the date of that transfer, unless an application  
13 is made by the transferee before the end of that pe-  
14 riod for a permit under this title for those oper-  
15 ations. If such an application is made, the out-  
16 standing permit shall continue in effect until such  
17 application is finally acted on by the Secretary.

18 “(3) DEFINITION OF TRANSFER.—For the pur-  
19 poses of this section, the term ‘transfer’ means any  
20 change of ownership or control, whether voluntary or  
21 by operation of law.

22 “(i) APPEAL AND JUDICIAL REVIEW.—

23 “(1) IN GENERAL.—An appeal may be taken by  
24 the permittee or applicant for a permit from any  
25 order of the Secretary of the Treasury denying an

1 application for, or suspending, revoking, or annull-  
2 ling, a basic permit. Such appeal shall be taken by  
3 filing, in the court of appeals of the United States  
4 within any circuit wherein such person resides or  
5 has his or her principal place of business, or in the  
6 United States Court of Appeals for the District of  
7 Columbia, within sixty days after the entry of such  
8 order, a written petition praying that the order of  
9 the Secretary be modified or set aside in whole or  
10 in part. A copy of such petition shall be forthwith  
11 transmitted by the clerk of the court to the Sec-  
12 retary, or any officer designated by the Secretary for  
13 that purpose, and thereupon the Secretary shall file  
14 in the court the record upon which the order com-  
15 plained of was entered, as provided in section 2112  
16 of title 28. Upon the filing of such petition such  
17 court shall have exclusive jurisdiction to affirm,  
18 modify, or set aside such order, in whole or in part.  
19 No objection to the order of the Secretary shall be  
20 considered by the court unless such objection shall  
21 have been urged before the Secretary or unless there  
22 were reasonable grounds for failure so to do. The  
23 finding of the Secretary as to the facts, if supported  
24 by substantial evidence, shall be conclusive. If any  
25 party shall apply to the court for leave to adduce ad-

1       ditional evidence, and shall show to the satisfaction  
2       of the court that such additional evidence is material  
3       and that there were reasonable grounds for failure  
4       to adduce such evidence in the proceeding before the  
5       Secretary, the court may order such additional evi-  
6       dence to be taken before the Secretary and to be ad-  
7       duced upon the hearing in such manner and upon  
8       such terms and conditions as to the court may seem  
9       proper. The Secretary may modify his or her find-  
10      ings as to the facts by reason of the additional evi-  
11      dence so taken, and he or she shall file with the  
12      court such modified or new findings, which, if sup-  
13      ported by substantial evidence, shall be conclusive,  
14      and his or her recommendation, if any, for the modi-  
15      fication or setting aside of the original order. The  
16      judgment and decree of the court affirming, modi-  
17      fying, or setting aside, in whole or in part, any such  
18      order of the Secretary shall be final, subject to re-  
19      view by the Supreme Court of the United States  
20      upon certiorari or certification as provided in section  
21      1254 of title 28. The commencement of proceedings  
22      under this subsection shall, unless specifically or-  
23      dered by the court to the contrary, operate as a stay  
24      of the Secretary's order. These proceedings shall be  
25      subject to the requirements of the Administrative

1 Procedure Act (5 U.S.C. 500 et seq.). Should the  
2 permittee substantially prevail, such permittee shall be  
3 entitled to attorneys' fees and costs associated with  
4 compelling a decision under this section.

5 “(2) ADDITIONAL APPLICANT MANDAMUS REM-  
6 EDY.—Should the Secretary fail to make a permit  
7 application decision within ninety days of submission  
8 of a completed application, an applicant shall have  
9 the right to compel a decision and issuance of a per-  
10 mit pursuant to 28 U.S.C. 1361 in any United  
11 States district court where the applicant resides or  
12 does business or in the United States District Court  
13 for the District of Columbia. Should the applicant  
14 substantially prevail, such applicant shall be entitled  
15 to attorneys' fees and costs associated with compel-  
16 ling a decision under this section. Such mandamus  
17 remedy shall be in addition to any other remedies  
18 available to applicants under the Administrative Pro-  
19 cedure Act.

20 “(j) STATUTE OF LIMITATIONS.—

21 “(1) IN GENERAL.—No proceeding for the sus-  
22 pension or revocation of a permit for violation of any  
23 condition thereof relating to compliance with Federal  
24 law shall be instituted by the Secretary more than  
25 18 months after conviction of the violation of Fed-

1       eral law, or, if no conviction has been had, more  
2       than 3 years after the violation occurred.

3           “(2) COMPROMISE.—No permit shall be sus-  
4       pended or revoked for a violation of any such condi-  
5       tion thereof if the alleged violation of Federal law  
6       has been compromised by any officer of the Govern-  
7       ment authorized to compromise such violation.

8           “(k) PERMIT APPLICATION.—

9           “(1) IN GENERAL.—Applications for permits to  
10      engage in any of the operations set forth in this sec-  
11      tion must be made on the required form. The appli-  
12      cation will include all data, written statements, affi-  
13      davits, documents, or other evidence submitted in  
14      support of the application, or upon a hearing.

15          “(2) CONFIDENTIALITY.—All financial informa-  
16      tion submitted by a permit applicant in connection  
17      with an application shall be deemed confidential  
18      business information and exempt from disclosure  
19      under the Freedom of Information Act.

20          “(3) INCOMPLETE OR INCORRECTLY EXECUTED  
21      APPLICATIONS.—Incomplete or incorrectly executed  
22      applications will not be acted upon, but the applicant  
23      shall be entitled to file a new application without  
24      prejudice, or to complete the application already  
25      filed. The Secretary shall notify the applicant of

1 such defects in the application within 90 days of ap-  
2 plication or within ten days of the discovery of the  
3 defect after the first 30 days following the filing of  
4 the application.

5 “(4) CHANGE IN OWNERSHIP, MANAGEMENT,  
6 OR CONTROL OF THE APPLICANT.—In the event of  
7 any change in the ownership, management, or con-  
8 trol of the applicant (in case of a corporation, any  
9 change in the officers, directors, or persons holding  
10 more than 10 percent of the corporate stock), after  
11 the date of filing of any application for a permit and  
12 prior to final action on such application, the appli-  
13 cant shall notify the appropriate officer immediately  
14 of such change.

15 “(5) INDIVIDUAL PLANT OR PREMISES.—An ap-  
16 plication for a basic permit must be filed, and per-  
17 mit issued, to cover each individual plant or prem-  
18 ises where any of the businesses specified in this sec-  
19 tion is engaged in.

20 “(6) DEADLINE.—Within 90 days of receipt of  
21 an application, the Secretary or his or her designee  
22 must notify the applicant whether the application  
23 has been approved or denied. This 90-day period  
24 may be extended once, by an additional 90 days, if  
25 the Secretary or his or her designee finds that un-



1 usual circumstances require additional time to con-  
2 sider the issues presented by an application. If the  
3 Secretary or the appropriate designee extends the  
4 period, he or she must notify the applicant by letter,  
5 along with a brief explanation of the unusual cir-  
6 cumstances causing the time period for consideration  
7 of the application to be extended. If the applicant re-  
8 ceives no decision from the Secretary or his or her  
9 designee within the time periods set forth in this  
10 paragraph, the applicant may file a mandamus ac-  
11 tion as provided for in this section.

12 **“SEC. 304. DEFINITIONS.**

13 “In this title—

14 “(1) the term ‘marijuana’ or ‘cannabis’ has the  
15 same meaning given the term ‘marihuana’ in section  
16 102 of the Controlled Substances Act (21 U.S.C.  
17 121); and

18 “(2) the term ‘State’ includes the District of  
19 Columbia, Puerto Rico, and any commonwealth, ter-  
20 ritory, enclave, Indian tribe, or possession of the  
21 United States.”.

1 **TITLE III—DESIGNATED STATE**  
 2 **MEDICAL CANNABIS PROD-**  
 3 **UCT SAFETY ACT**

4 **SEC. 301. GRANDFATHERING OF STATE MEDICAL CANNABIS**  
 5 **PRODUCTS INTO INTERSTATE COMMERCE.**

6 Subchapter V of chapter 9 of title 21 of the United  
 7 States Code (the Federal Food, Drug, and Cosmetic Act)  
 8 is amended by adding at the end the following new part:

9 **“PART J—DESIGNATED STATE MEDICAL**  
 10 **CANNABIS PRODUCTS**

“Sec. 360ggg. Definitions.

“Sec. 360ggg–1. Regulation of medical cannabis products.

“Sec. 360ggg–2. Cannabis-infused foods, beverages, and supplements.

“Sec. 360ggg–3. Cannabis cosmetics.

“Sec. 360ggg–4. Liability and method of payment.

“Sec. 360ggg–5. Private right of action and administrative remedy.

11 **“SEC. 360ggg. DEFINITIONS.**

12 “In this part:

13 “(1) The term ‘designated State medical can-  
 14 nabis product’—

15 “(A) means an article that is produced by  
 16 a State and federally licensed or permitted med-  
 17 ical cannabis business, pursuant to a State  
 18 medical cannabis program and contains ‘mari-  
 19 huana’, as defined in section 102(16) of the  
 20 Controlled Substances Act;

21 “(B) means any other article that contains  
 22 either ‘marihuana’, as defined in section 102 of

1 the Controlled Substances Act, 21 U.S.C. 802,  
2 deemed appropriate by the Secretary, after tak-  
3 ing into account any investigational new drug  
4 application or investigational new animal drug  
5 application for the same medical cannabis prod-  
6 uct submitted in accordance with regulations  
7 applicable to such applications in title 21 of the  
8 Code of Federal Regulations, unless any period  
9 of exclusivity for a new drug under section  
10 355(c)(3)(E)(ii) of this title or section  
11 355(j)(5)(F)(ii) of this title, or the extension of  
12 any such period under section 355a of this title,  
13 or any period of exclusivity for a new animal  
14 drug under section 360b(c)(2)(F) of this title,  
15 applicable to such medical cannabis product has  
16 not expired;

17 “(C) means any article that contains either  
18 ‘marihuana’, as defined in section 102(16) of  
19 the Controlled Substances Act, 21 U.S.C.  
20 802(16) that also meets the standards set forth  
21 in an official compendium; and

22 “(D) does not mean articles or cannabis  
23 products produced and intended for nonmedical  
24 use, such as those regulated under title III of

1 the Federal Alcohol Administration Act (27  
2 U.S.C. 201 et seq.).

3 “(2) The term ‘State’ includes the District of  
4 Columbia, Puerto Rico, and any commonwealth, ter-  
5 ritory, enclave, Indian tribe, or possession of the  
6 United States.

7 **“SEC. 360ggg-1. REGULATION OF MEDICAL CANNABIS**  
8 **PRODUCTS.**

9 “(a) **MEDICAL CANNABIS REGULATION AND AU-**  
10 **THORITY.**—The Food and Drug Administration shall have  
11 jurisdiction over the regulation of designated State med-  
12 ical cannabis products described herein.

13 “(b) **CERTIFICATION OF DESIGNATED STATE MED-**  
14 **ICAL CANNABIS PRODUCTS.**—

15 “(1) **SUBMISSION.**—Beginning 30 days after  
16 the effective date of this Act, any person who seeks  
17 to initially introduce or deliver for introduction a  
18 designated State medical cannabis product into  
19 interstate commerce may file with the Secretary a  
20 request for certification as a designated State med-  
21 ical cannabis product. Any such request shall con-  
22 tain the following information:

23 “(A) A description of the designated State  
24 medical cannabis product.

1           “(B) The name and address of the spon-  
2           sor.

3           “(C) The name and address of the facility  
4           or facilities where the designated State medical  
5           cannabis product is or will be cultivated and  
6           manufactured.

7           “(D) Any other information deemed appro-  
8           priate by the Secretary to determine whether  
9           the designated State medical cannabis product  
10          is in fact a designated State medical cannabis  
11          product.

12          “(2) GRANT OF CERTIFICATION.—The certifi-  
13          cation requested under paragraph (1) is deemed to  
14          be granted unless, within 30 days of the filing of  
15          such request, the Secretary finds that—

16                 “(A) the designated State medical can-  
17                 nabis product subject to the certification is not  
18                 in fact a designated State medical cannabis  
19                 product;

20                 “(B) the request does not contain the in-  
21                 formation required under paragraph (1) or oth-  
22                 erwise lacks sufficient information to permit the  
23                 Secretary to determine that the designated  
24                 State medical cannabis product is in fact a des-  
25                 ignated State medical cannabis product; or

1           “(C) denying the request is necessary to  
2 protect the public health.

3           “(3) EFFECT OF CERTIFICATION.—

4           “(A) IN GENERAL.—

5           “(i) APPROVED USES.—A designated  
6 State medical cannabis product for which a  
7 certification is granted under paragraph  
8 (2) is deemed, alone or in combination, as  
9 medically appropriate, with another des-  
10 ignated State medical cannabis product or  
11 products for which a certification or certifi-  
12 cations have been granted, to be sold in  
13 interstate commerce as a non-drug des-  
14 ignated State medical cannabis product,  
15 for the following indications for use:

16           “(I) The treatment of arthritis.

17           “(II) The treatment of chemo-  
18 therapy-induced and non-chemo-  
19 therapy-induced nausea and vomiting.

20           “(III) The stimulation of appe-  
21 tite.

22           “(IV) The treatment of the  
23 symptoms of patients with HIV/AIDS  
24 or for anorexia associated with AIDS.

1                   “(V) The treatment of temporary  
2 or chronic pain and analgesia.

3                   “(VI) The treatment of muscle  
4 spasms.

5                   “(VII) The treatment of insom-  
6 nia and restlessness.

7                   “(VIII) The treatment of post-  
8 traumatic stress disorder.

9                   “(IX) The treatment of chronic  
10 pain due to sickle cell disease.

11                   “(X) Any other indication for use  
12 consistent with State medical can-  
13 nabis law and medical cannabis label-  
14 ing practice in the State in which the  
15 product is to be sold to the end con-  
16 sumer.

17                   “(XI) Any other indication for  
18 use for a designated State medical  
19 cannabis product or combination of  
20 designated State medical cannabis  
21 products deemed appropriate by the  
22 Secretary, unless any period of exclu-  
23 sivity for a new drug under clause (iii)  
24 or (iv) of section 355(c)(3)(E) of this  
25 title, clause (iii) or (iv) of section

1                   355(j)(5)(F) of this title, or section  
2                   360cc of this title, or the extension of  
3                   any such period under section 355a of  
4                   this title, applicable to such indication  
5                   for use for such medical cannabis  
6                   product or combination of products  
7                   has not expired.

8                   “(ii) LABELING.—The requirements  
9                   of sections 353(b)(4) and 352(f) of this  
10                  title are deemed to have been met for a  
11                  designated State medical cannabis product  
12                  if the labeling on the final use container  
13                  for such medical cannabis product bears—

14                         “(I) the information required by  
15                         section 353(b)(4) of this title;

16                         “(II) a warning statement con-  
17                         cerning the use of the medical can-  
18                         nabis products as determined by the  
19                         Secretary by regulation; and

20                         “(III) appropriate directions and  
21                         warnings concerning storage and han-  
22                         dling.

23                   “(B) INAPPLICABILITY OF EXCLUSIVITY  
24                   PROVISIONS.—



1           “(i) No exclusivity for a certified med-  
2           ical cannabis product. No designated State  
3           medical cannabis product deemed under  
4           subparagraph (A)(i) to have in effect an  
5           approved application is eligible for any pe-  
6           riod of exclusivity for a new drug under  
7           section 355(c), 355(j), or 360cc of this  
8           title, or the extension of any such period  
9           under section 355a of this title, on the  
10          basis of such deemed approval.

11           “(ii) EFFECT ON CERTIFICATION.—  
12          No period of exclusivity under section  
13          355(c), 355(j), or section 360cc of this  
14          title, or the extension of any such period  
15          under section 355a of this title, with re-  
16          spect to an application for a drug product,  
17          shall prohibit, limit, or otherwise affect the  
18          submission, grant, or effect of a certifi-  
19          cation under this section, except as pro-  
20          vided in subsection (a)(3)(A)(i)(VIII) and  
21          section 360ddd(1)(H) of this title.

22           “(4) WITHDRAWAL, SUSPENSION, OR REVOCA-  
23          TION OF APPROVAL.—

24           “(A) WITHDRAWAL, SUSPENSION OF AP-  
25          PROVAL.—Nothing in this part limits the Sec-

1           retary’s authority to withdraw or suspend ap-  
2           proval of a drug product, including a designated  
3           State medical cannabis product deemed under  
4           this section to have in effect an approved appli-  
5           cation under section 355 of this title or section  
6           360b of this title.

7           “(B) REVOCATION OF CERTIFICATION.—  
8           The Secretary may revoke the grant of a certifi-  
9           cation under paragraph (2) if the Secretary de-  
10          termines that the request for certification con-  
11          tains any material omission or falsification.

12          “(5) PRESCRIPTION OR RECOMMENDATION RE-  
13          QUIREMENT FOR DESIGNATED STATE MEDICAL CAN-  
14          NABIS PRODUCTS.—

15                 “(A) IN GENERAL.—A designated State  
16                 medical cannabis product is not approved for  
17                 use without a prescription by a qualified med-  
18                 ical professional or a recommendation by a  
19                 qualified medical professional as defined by the  
20                 law of the State in which the qualified medical  
21                 professional is providing said prescription or  
22                 recommendation.

23                 “(B) LABELING.—For medical cannabis  
24                 products provided pursuant to subparagraph  
25                 (A), the Secretary shall issue labeling require-

1           ments within 90 days of the passage of this  
2           Act.

3           “(6) NO DRUG PRECLUSION.—Notwithstanding  
4           any other law, 21 U.S.C. 331(ll), the ‘drug pre-  
5           clusion’ rule, shall not apply to ‘marihuana’, as de-  
6           fined in 21 U.S.C. 802(16). Notwithstanding any  
7           other Federal law or provision of the Federal Food,  
8           Drug, and Cosmetic Act, the Food and Drug Admin-  
9           istration shall treat cannabis without respect to the  
10          doctrine of drug preclusion. Nothing in this provi-  
11          sion is meant to diminish or otherwise affect the  
12          ability of the Food and Drug Administration to reg-  
13          ulate drug products (as defined in 21 U.S.C.  
14          321(g)), including those containing ‘marihuana’, (as  
15          defined in 21 U.S.C. 802(16)) that are intended and  
16          marketed for use as a ‘drug’ rather than a ‘des-  
17          ignated State medical cannabis product’.

18          “(7) TIMELINE FOR RULEMAKING TO EFFEC-  
19          TUATE PROVISION.—Within 30 days of the passage  
20          of this Act, the Food and Drug Administration shall  
21          promulgate an interim final rule and undertake rule-  
22          making under the Administrative Procedure Act (5  
23          U.S.C. 500 et seq.) for the purposes of effectuating  
24          this provision, including any forms that may be re-  
25          quired for application for certification. Such final

1 rule shall be promulgated within 90 days of the pub-  
2 lication of the interim final rule.

3 **“SEC. 360ggg-2. CANNABIS-INFUSED FOODS, BEVERAGES,**  
4 **AND SUPPLEMENTS.**

5 “(a) NO SUPPLEMENT/ADDITIVE PRECLUSION.—  
6 Notwithstanding any other law, 21 U.S.C. 321(s)(6) shall  
7 not apply to ‘marihuana’, as defined in 21 U.S.C. 802(16),  
8 nor to ‘industrial hemp’, as defined in 7 U.S.C.  
9 5490(a)(2). Notwithstanding any other Federal law or  
10 provision of the Federal Food, Drug, and Cosmetic Act,  
11 the Food and Drug Administration shall treat cannabis  
12 without respect to the doctrine of dietary supplement and  
13 food additive preclusion.

14 “(b) CANNABIS-INFUSED DIETARY SUPPLEMENTS;  
15 CLASSIFICATION AS OLD DIETARY INGREDIENT.—Not-  
16 withstanding any other law, ‘marihuana’, as defined in 21  
17 U.S.C. 802(16), and ‘industrial hemp’, as defined in 7  
18 U.S.C. 5490(a)(2), shall be deemed to have been marketed  
19 in the United States as a dietary ingredient before October  
20 15, 1994 for the purposes of 21 U.S.C. 350b(a), 350b(d).

21 “(1) Within 30 days of the passage of this Act,  
22 the Food and Drug Administration shall promulgate  
23 an interim final rule and undertake rulemaking  
24 under the Administrative Procedure Act (5 U.S.C.  
25 500 et seq.) for the purposes of establishing a stand-

1       ard serving size and further clarifying intended con-  
2       ditions of use of whole-plant cannabis extracts and  
3       individual cannabinoid extracts used as dietary sup-  
4       plements.

5               “(2) Such final rule shall be promulgated with-  
6       in 90 days of the publication of the interim final  
7       rule.

8               “(c) CANNABIS-INFUSED FOODS AND BEVERAGES;  
9       CLASSIFICATION AS GENERALLY SAFE THROUGH COM-  
10      MON EXPERIENCE.—Notwithstanding any other law,  
11      ‘marihuana’, as defined in 21 U.S.C. 802(16), or ‘indus-  
12      trial hemp’, as defined in 7 U.S.C. 5490(a)(2), shall be  
13      deemed to be generally recognized as safe through experi-  
14      ence based on common use in food prior to January 1,  
15      1958, for the purposes of 21 U.S.C. 321(s) and 21 CFR  
16      170.30(a). Cannabis-infused foods and beverages, unless  
17      a designated State medical cannabis product, shall be con-  
18      sidered as regulated under title III of the Federal Alcohol  
19      Administration Act (27 U.S.C. 201 et seq.).

20               “(1) Within 30 days of the passage of this Act,  
21      the Food and Drug Administration shall promulgate  
22      an interim final rule and undertake rulemaking  
23      under the Administrative Procedure Act (5 U.S.C.  
24      500 et seq.) for the purposes of establishing a stand-  
25      ard serving size and further clarifying conditions of

1 intended use of whole-plant cannabis extracts and  
2 individual cannabinoid extracts used as food addi-  
3 tives.

4 “(2) Such final rule shall be promulgated with-  
5 in 90 days of the publication of the interim final  
6 rule.

7 **“SEC. 360ggg-3. CANNABIS COSMETICS.**

8 “(a) CANNABIS ALLOWED IN COSMETICS, ‘SAFE’.—  
9 The use of ‘marihuana’, as defined in 21 U.S.C. 802(16),  
10 and ‘industrial hemp’, as defined in 7 U.S.C. 5490(a)(2),  
11 alone in cosmetic products shall not cause a cosmetic to  
12 be adulterated within the meaning of 21 U.S.C. 361(a)–  
13 (e) provided that it is properly labeled and branded within  
14 the meaning of title 21, chapter 6 of the United States  
15 Code generally.

16 “(1) Within 30 days of the passage of this Act,  
17 the Food and Drug Administration shall promulgate  
18 an interim final rule and undertake rulemaking  
19 under the Administrative Procedure Act (5 U.S.C.  
20 500 et seq.) to effectuate this provision.

21 “(2) Such final rule shall be promulgated with-  
22 in 90 days of the publication of the interim final  
23 rule.

24 “(b) RULE OF CONSTRUCTION.—Notwithstanding  
25 section 360ggg-3(a) of this title, any cosmetic containing

1 ‘marihuana’, as defined in 21 U.S.C. 802(16), and ‘indus-  
2 trial hemp’, as defined in 7 U.S.C. 5490(a)(2), including  
3 any extract thereof, where the cannabis component actu-  
4 ally renders it a poisonous or deleterious substance, inju-  
5 rious to users under the conditions of use prescribed in  
6 the labeling thereof, or under such conditions of use as  
7 are customary or usual, may be considered adulterated  
8 within the meaning of 21 U.S.C. 361 and/or misbranded  
9 under 21 U.S.C. 362.

10 **“SEC. 360ggg-4. LIABILITY AND METHOD OF PAYMENT.**

11 “A designated State medical cannabis product, alone  
12 or in combination with another designated State medical  
13 cannabis product or products (as medically appropriate)  
14 deemed under section 360ggg-1 of this title to have in  
15 effect an approved application shall not be assessed fees  
16 under section 379h(a) or 379j-12(a) of this title on the  
17 basis of such deemed approval.

18 **“SEC. 360ggg-5. PRIVATE RIGHT OF ACTION AND ADMINIS-  
19 TRATIVE REMEDY.**

20 “(a) RIGHT OF ACTION.—An adversely affected per-  
21 son or business shall have private right of action under  
22 the Administrative Procedure Act (5 U.S.C. 500 et seq.)  
23 and the Mandamus Act (28 U.S.C. 1361) to compel the  
24 Administrator or any other officer, employee or agent of  
25 the Food and Drug Administration to promulgate regula-

1 tions or undertake and finalize rulemaking required under  
2 this Act that are not promulgated or published within the  
3 time frames set forth herein, or to provide the certification  
4 of designated State medical cannabis products within the  
5 time frames set forth herein, or to enjoin agency action.  
6 The exclusive venue for bringing any such action shall be  
7 the District Court for the District of Columbia. Upon  
8 demonstration of undue delay or failure to adhere strictly  
9 to statutory deadlines, or other violations of law and eq-  
10 uity, equitable relief in the form of a writ of mandamus  
11 compelling action shall issue, among such other relief as  
12 the court may see fit.”.

13       **TITLE IV—SMALL BUSINESS**  
14       **ADMINISTRATION PROVISIONS**

15       **SEC. 401. FAIR SMALL BUSINESS ADMINISTRATION ACCESS.**

16       Section 7(a) of the Small Business Act (15 U.S.C.  
17 636(a)) is amended by adding at the end the following  
18 new paragraph:

19               “(36) LOANS TO CANNABIS-RELATED LEGITI-  
20               MATE BUSINESSES AND SERVICE PROVIDERS.—

21                       “(A) IN GENERAL.—The Administrator  
22                       may not decline to provide a guarantee for a  
23                       loan under this subsection to an otherwise eligi-  
24                       ble small business concern solely because such



1 concern is a cannabis-related legitimate busi-  
2 ness or service provider.

3 “(B) DEFINITIONS.—In this paragraph:

4 “(i) CANNABIS.—The term ‘cannabis’  
5 has the meaning given the term ‘mari-  
6 huana’ in section 102 of the Controlled  
7 Substances Act.

8 “(ii) CANNABIS PRODUCT.—The term  
9 ‘cannabis product’ means any article that  
10 contains cannabis, including an article that  
11 is a designated State medical cannabis  
12 product within the meaning of part J of  
13 subchapter V of chapter 9 of title 21 of the  
14 United States Code (the Federal Food,  
15 Drug, and Cosmetic Act).

16 “(iii) CANNABIS-RELATED LEGITI-  
17 MATE BUSINESS.—The term ‘cannabis-re-  
18 lated legitimate business’ means a can-  
19 nabis farmer, cannabis producer, or any  
20 person or company that is a small business  
21 concern and that—

22 “(I) engages in any activity de-  
23 scribed in subclause (II) pursuant to  
24 a law established by a State or a po-  
25 litical subdivision of a State, as deter-

1                   mined by such State or political sub-  
2                   division; and

3                   “(II) participates in any business  
4                   or organized activity that involves  
5                   handling cannabis or cannabis prod-  
6                   ucts, including cultivating, producing,  
7                   manufacturing, selling, transporting,  
8                   displaying, dispensing, retailing,  
9                   wholesaling, distributing, or pur-  
10                  chasing cannabis or cannabis prod-  
11                  ucts.

12                  “(iv) CANNABIS PRODUCER.—The  
13                  term ‘cannabis producer’ means a person  
14                  who manufactures, compounds, converts,  
15                  processes, prepares, or packages cannabis  
16                  or cannabis products.

17                  “(v) CANNABIS FARMER.—The term  
18                  ‘cannabis farmer’ means a person who  
19                  plants, cultivates, harvests, or in any way  
20                  facilitates the natural growth of cannabis.

21                  “(vi) SERVICE PROVIDER.—The term  
22                  ‘service provider’—

23                                  “(I) means a business, organiza-  
24                                  tion, or other person that—

1                   “(aa) sells goods or services  
2                   to a cannabis-related legitimate  
3                   business; or

4                   “(bb) provides any business  
5                   services, including the sale or  
6                   lease of real or any other prop-  
7                   erty, legal or other licensed serv-  
8                   ices, or any other ancillary serv-  
9                   ice, relating to cannabis; and

10                  “(II) does not include a business,  
11                  organization, or other person that  
12                  participates in any business or orga-  
13                  nized activity that involves handling  
14                  cannabis or cannabis products, includ-  
15                  ing cultivating, producing, manufac-  
16                  turing, selling, transporting, dis-  
17                  playing, dispensing, retailing, whole-  
18                  saling, distributing, or purchasing  
19                  cannabis or cannabis products.

20                  “(vii) STATE.—The term ‘State’  
21                  means each of the several States, the Dis-  
22                  trict of Columbia, Puerto Rico, and any  
23                  territory or possession of the United  
24                  States.”.

1 **SEC. 402. DISASTER LOAN NONDISCRIMINATION.**

2 Section 7(b) of the Small Business Act (15 U.S.C.  
3 636(b)) is amended by inserting after paragraph (15) the  
4 following new paragraph:

5 “(16) ASSISTANCE TO CANNABIS-RELATED LE-  
6 GITIMATE BUSINESSES AND SERVICE PROVIDERS.—  
7 The Administrator may not decline to provide assist-  
8 ance under this subsection to an otherwise eligible  
9 borrower solely because such borrower is a cannabis-  
10 related legitimate business or service provider (as  
11 defined in subsection (a)(36)).”.

12 **SEC. 403. MICROLOAN NONDISCRIMINATION.**

13 Section 7(m) of the Small Business Act (15 U.S.C.  
14 636(m)(13)) is amended by adding at the end the fol-  
15 lowing new paragraph:

16 “(14) ASSISTANCE TO CANNABIS-RELATED LE-  
17 GITIMATE BUSINESSES AND SERVICE PROVIDERS.—  
18 An eligible intermediary may not decline to provide  
19 assistance under this subsection to an otherwise eli-  
20 gible borrower solely because such borrower is a can-  
21 nabis-related legitimate business or service provider  
22 (as defined in subsection (a)(36)).”.

1 **SEC. 404. SMALL BUSINESS INVESTMENT COMPANY DEBEN-**  
2 **TURE NONDISCRIMINATION.**

3 Part A of title III of the Small Business Investment  
4 Act of 1958 (15 U.S.C. 695 et seq.) is amended by adding  
5 at the end the following new section:

6 **“SEC. 321. DEBENTURES TO FINANCE CANNABIS-RELATED**  
7 **BUSINESSES AND SERVICE PROVIDERS.**

8 “(a) GUARANTEES.—The Administrator may not de-  
9 cline to purchase or guarantee a debenture made under  
10 this title to an otherwise eligible small business investment  
11 company solely because such small business investment  
12 company provides financing to an entity that is a can-  
13 nabis-related legitimate business or service provider (as  
14 defined in section 7(a)(38) of the Small Business Act).

15 “(b) OTHER ASSISTANCE.—A small business invest-  
16 ment company may not decline to provide assistance under  
17 this title to an otherwise eligible small business solely be-  
18 cause such business is a cannabis-related legitimate busi-  
19 ness or service provider (as defined in section 7(a)(38) of  
20 the Small Business Act).”.

21 **SEC. 405. STATE OR LOCAL DEVELOPMENT LOAN NON-DIS-**  
22 **CRIMINATION.**

23 Title V of the Small Business Investment Act of 1958  
24 (15 U.S.C. 695 et seq.) is amended by adding at the end  
25 the following new section:

1 **“SEC. 511. LOANS TO CANNABIS-RELATED LEGITIMATE**  
2 **BUSINESSES AND SERVICE PROVIDERS.**

3 “The Administrator may not decline to provide a  
4 guarantee for a loan under this title to an otherwise eligi-  
5 ble State or local development company solely because  
6 such State or local development company provides financ-  
7 ing to an entity that is a cannabis-related legitimate busi-  
8 ness or service provider (as defined in section 7(a)(36) of  
9 the Small Business Act).”.

10 **SEC. 406. RULEMAKING AND DISBURSEMENT.**

11 Not later than 30 days after the date of the enact-  
12 ment of this Act, the Administrator of the Small Business  
13 Administration shall issue or amend any rules or interim  
14 final rules, standard operating procedures, other legal or  
15 policy guidance necessary to carry out the requirements  
16 of this Act and the amendments made by this Act. The  
17 Administrator shall begin incurring obligations and dis-  
18 bursing funds made available to the Administration for the  
19 purposes of carrying out this Act within 45 days of the  
20 enactment of this Act.

21 **SEC. 407. ADMINISTRATIVE PROCEDURE ACT AND MAN-**  
22 **DAMUS REMEDIES.**

23 Should the Administrator fail to issue or amend any  
24 rules or interim final rules, standard operating procedures,  
25 other legal or policy guidance necessary to carry out the  
26 requirements of this Act and the amendments made by

1 this Act within the 30 days described above, or fail to  
2 make an application decision within thirty days of submis-  
3 sion of a completed application, an applicant shall have  
4 the right to compel action under the Administrative Proce-  
5 dure Act (5 U.S.C. 500 et seq.) and the Mandamus Act  
6 (28 U.S.C. 1361), in any United States district court  
7 where the applicant resides or does business or in the  
8 United States District Court for the District of Columbia.  
9 Should the applicant substantially prevail, such applicant  
10 shall be entitled to attorneys' fees and costs associated  
11 with compelling a decision under this section. Such man-  
12 damus remedy shall issue upon demonstration of failure  
13 to meet deadlines described herein.

14           **TITLE V—IMPOSITION OF**  
15           **CANNABIS EXCISE TAX**

16 **SEC. 501. LAW ENFORCEMENT RETRAINING AND SUCCESS-**  
17           **FUL SECOND CHANCES FUND.**

18           (a) ESTABLISHMENT OF FUND.—Subchapter A of  
19 chapter 98 of the Internal Revenue Code of 1986 is  
20 amended by adding at the end the following section:

21 **“SEC. 9512. LAW ENFORCEMENT RETRAINING AND SUC-**  
22           **CESSFUL SECOND CHANCES FUND.**

23           “(a) CREATION OF LAW ENFORCEMENT RETRAINING  
24 AND SUCCESSFUL SECOND CHANCES FUND.—There is es-  
25 tablished in the Treasury of the United States a fund to

1 be known as the ‘Law Enforcement Retraining and Suc-  
2 cessful Second Chances Fund’ (referred to in this section  
3 as the ‘Law Enforcement and Second Chances Fund’),  
4 consisting of such amounts as may be appropriated or  
5 credited to such a fund as provided in this section or sec-  
6 tion 9602(b).

7 “(b) AUTHORIZATION OF APPROPRIATIONS.—To  
8 carry out this section, there are authorized to be appro-  
9 priated to the Law Enforcement and Second Chances  
10 Fund such sums as may be necessary to carry out the  
11 purposes of this subchapter for fiscal year 2022, to remain  
12 available until expended.

13 “(c) FUTURE FISCAL YEARS.—For the ten (10) fis-  
14 cal years following fiscal year 2022, there is authorized  
15 to be appropriated to the Law Enforcement and Second  
16 Chances Fund such sums as may be necessary to carry  
17 out the purposes of this subchapter.

18 “(d) AVAILABILITY OF LAW ENFORCEMENT AND  
19 SECOND CHANCES FUND.—Amounts in the Law Enforce-  
20 ment and Second Chances Fund shall be available, until  
21 expended, as provided under this section.

22 “(e) SET-ASIDES.—

23 “(1) CRISIS STABILIZATION AND COMMUNITY  
24 REENTRY GRANT PROGRAM.—Of the amounts in the  
25 Law Enforcement and Second Chances Fund—



1           “(A) 10% shall be set aside for grants  
2           made under section 3052(a) of part OO of the  
3           Omnibus Crime Control and Safe Streets Act of  
4           1968; and

5           “(B) 10% shall be set aside for grants  
6           made under section 3052(b) of part OO of the  
7           Omnibus Crime Control and Safe Streets Act of  
8           1968.

9           “(2) EDWARD BYRNE MEMORIAL JUSTICE AS-  
10          SISTANCE GRANT PROGRAM.—Of the amounts in the  
11          Law Enforcement and Second Chances Fund, 10%  
12          shall be set aside for grants made under part A of  
13          title 34 of the United States Code.

14          “(3) COMMUNITY-ORIENTED POLICING SERV-  
15          ICES HIRING PROGRAM.—Of the amounts in the Law  
16          Enforcement and Second Chances Fund, 10% shall  
17          be set aside for activities authorized by the Violent  
18          Crime Control and Law Enforcement Act of 1994  
19          (Public Law 103–322); the Omnibus Crime Control  
20          and Safe Streets Act of 1968 (‘the 1968 Act’); and  
21          the Violence Against Women and Department of  
22          Justice Reauthorization Act of 2005 (Public Law  
23          109–162) (‘the 2005 Act’). No less than 5% of this  
24          set-aside shall be directed towards grants made  
25          under section 1701 of title I of the 1968 Act (42

1 U.S.C. 3796dd) for the hiring and rehiring of addi-  
2 tional career law enforcement officers under part Q  
3 of such title notwithstanding subsection (i) of such  
4 section.

5 “(4) SUCCESSFUL SECOND CHANCES PRO-  
6 GRAM.—Of the amounts in the Law Enforcement  
7 and Second Chances Fund, 30% shall be set aside  
8 for the Small Business Administrator to carry out  
9 the provisions of title IV of the States Reform Act.

10 “(5) VETERANS MENTAL HEALTH FUNDING.—  
11 Of the amounts in the Law Enforcement and Second  
12 Chances Fund, 10% shall be set aside for the Sec-  
13 retary of the Veterans Affairs to carry out the provi-  
14 sions of title 38 of the United States Code, section  
15 1720I(a) and 1720I(c).

16 “(6) STATE RESPONSE TO OPIOID ADDICTION  
17 FUNDING.—Of the amounts in the Law Enforcement  
18 and Second Chances Fund, 5% shall be set aside for  
19 the Secretary of Health and Human Services to  
20 carry out the provisions of title 42 of the United  
21 States Code, section 290ee–3.

22 “(7) UNDERAGE YOUTH USE PREVENTION  
23 FUNDING.—Of the amounts in the Law Enforcement  
24 and Second Chances Fund, 5% shall be set aside for  
25 the Assistant Secretary for Mental Health and Sub-

1        stance Use of the Substance Abuse and Mental  
 2        Health Services Administration to help prevent un-  
 3        derage cannabis use in carrying out the provisions of  
 4        title 42 of the United States Code.

5        “(f) ALLOTMENT.—All funds for carrying out the  
 6        provisions of this chapter shall be available for allotment  
 7        to bureaus and offices of the Department of Justice and  
 8        the Small Business Administration, and for transfer to  
 9        such other agencies of the Federal Government, and to  
 10       such State agencies, as the Secretary of the Treasury may  
 11       request to cooperate or assist in carrying out the provi-  
 12       sions of this chapter.”.

13       **SEC. 502. CANNABIS REVENUE AND REGULATION ACT.**

14       Subtitle E of title I of the Internal Revenue Code of  
 15       1986 is amended by adding at the end the following new  
 16       chapter:

17       **“CHAPTER 56—CANNABIS PRODUCTS**

   “SUBCHAPTER A—IMPOSITION OF TAX

- “Sec. 5901. Imposition of tax.
- “Sec. 5902. Definitions.
- “Sec. 5903. Liability and method of payment.
- “Sec. 5904. Exemption from tax.
- “Sec. 5905. Credit, refund, or drawback of tax.

   “SUBCHAPTER B—OPERATIONS

- “Sec. 5911. Inventories, reports, and records.
- “Sec. 5912. Packaging and labeling.
- “Sec. 5913. Purchase, receipt, possession, or sale of cannabis products after re-  
    moval.
- “Sec. 5914. Restrictions relating to marks, labels, notices, and packages.
- “Sec. 5915. Restriction on importation of previously exported cannabis prod-  
    ucts.

“Sec. 5921. Civil penalties.

1           **“Subchapter A—Imposition of Tax**

2           **“SEC. 5901. IMPOSITION OF TAX.**

3           “(a) IMPOSITION OF EXCISE TAX.—There is hereby  
4 imposed on any cannabis product produced in or imported  
5 into the United States a tax equal to 3% percent of the  
6 removal price of such a cannabis product sold in the  
7 United States during the 12-month period ending one cal-  
8 endar quarter before such calendar year.

9           “(b) MORATORIUM ON CANNABIS PRODUCT EXCISE  
10 TAX INCREASES.—There is hereby imposed, notwith-  
11 standing any other law, including, but not limited to the  
12 Congressional Budget and Impoundment Control Act of  
13 1974 (Public Law 93–344, 88 Stat. 297, 2 U.S.C. 601–  
14 688), for the ten calendar years following the passage of  
15 this Act, a moratorium on increasing the excise tax im-  
16 posed on cannabis products by this section 5901.

17           “(1) Such moratorium may be waived before  
18 the ten-year timeframe by a three-quarters vote to  
19 do so by both Houses of Congress.

20           “(c) REMOVAL PRICE CATEGORIES.—

21           “(1) IN GENERAL.—For the purposes of sub-  
22 section (a), the Secretary shall impose the tax on the  
23 removal price—

24           “(A) per 454 grams of cannabis flower,

1 “(B) per 100 grams of cannabis pre-rolls,

2 “(C) per 20 grams of cannabis extracts,

3 “(D) per 10 grams of cannabis vaporizer

4 cartridges,

5 “(E) of 20 units of edible cannabis prod-

6 uct, and

7 “(F) of 20 units of cannabis topical or cos-

8 metic product.

9 “(2) NEW REMOVAL PRICE CATEGORIES AND

10 BASIS.—For the purposes of subsection (c), the Sec-

11 retary may, under the processes of the Administra-

12 tive Procedure Act (5 U.S.C. 500 et seq.), undertake

13 formal rulemaking to establish new removal price

14 categories and bases for cannabis products that are

15 not covered under subsection (c)(1).

16 “(3) CLARIFYING RULEMAKING.—The Sec-

17 retary may, consistent with the Administrative Pro-

18 cedure Act (5 U.S.C. 500 et seq.), further clarify the

19 application of subsection (c)(1).

20 “(d) TIME OF ATTACHMENT ON CANNABIS PROD-

21 UCTS.—The tax under this section shall attach to any can-

22 nabis product as soon as such product is in existence as

23 such, whether it be subsequently separated or transferred

24 into any other substance, either in the process of original

25 production or by any subsequent process. Raw cannabis

1 not yet delivered to a producer for processing, manufac-  
2 turing, or production shall not be considered a product  
3 in existence for the purposes of this subsection (d).

4 **“SEC. 5902. DEFINITIONS.**

5       “(a) DEFINITIONS RELATED TO CANNABIS PROD-  
6 UCTS.—For purposes of this chapter:

7           “(1) CANNABIS PRODUCT.—

8                   “(A) IN GENERAL.—Except as provided in  
9                   subparagraph (B), the term ‘cannabis product’  
10                  means any article that contains or consists of  
11                  cannabis.

12                   “(B) EXCEPTIONS.—The term ‘cannabis  
13                  product’ does not include an FDA-approved ar-  
14                  ticle, industrial hemp, or the unproduced, raw  
15                  agricultural commodity of cannabis.

16           “(2) FDA-APPROVED ARTICLE.—The term  
17           ‘FDA-approved article’ means any article if the pro-  
18           ducer or importer thereof demonstrates to the satis-  
19           faction of the Secretary of Health and Human Serv-  
20           ices that such article is—

21                   “(A) a drug—

22                           “(i) that is approved under section  
23                           505 of the Federal Food, Drug, and Cos-  
24                           metic Act or licensed under section 351 of  
25                           the Public Health Service Act,

1           “(ii) for which an investigational use  
2           exemption has been authorized under sec-  
3           tion 505(i) of the Federal Food, Drug, and  
4           Cosmetic Act or under section 351(a) of  
5           the Public Health Service Act,

6           “(B) a combination product (as described  
7           in section 503(g) of the Federal Food, Drug,  
8           and Cosmetic Act), the constituent parts of  
9           which were approved or cleared under section  
10          505, 510(k), or 515 of such Act, or

11          “(C) a ‘designated State medical cannabis  
12          product’ within the meaning of part J of sub-  
13          chapter V of chapter 9 of title 21 of the United  
14          States Code (the Federal Food, Drug, and Cos-  
15          metic Act).

16          “(3) CANNABIS.—The term ‘cannabis’ has the  
17          same meaning given to the term ‘marihuana’ under  
18          section 102(16) of the Controlled Substances Act,  
19          21 U.S.C. 802(16).

20          “(4) INDUSTRIAL HEMP.—The term ‘industrial  
21          hemp’ has the same meaning given to the term ‘in-  
22          dustrial hemp’ in section 297A of the Agricultural  
23          Marketing Act of 1946 (7 U.S.C. 1621 et seq.)  
24          (codified at 7 U.S.C. 5940(b)(2)).

1           “(b) DEFINITIONS RELATED TO CANNABIS BUSI-  
2 NESSES AND PRODUCERS.—For purposes of this chapter:

3           “(1) CANNABIS BUSINESS.—The term ‘cannabis  
4 business’ means a producer, importer, or export  
5 warehouse proprietor.

6           “(2) PRODUCER.—

7           “(A) IN GENERAL.—The term ‘producer’  
8 means any person who manufactures, produces,  
9 compounds, converts, processes, prepares, or  
10 packages any cannabis product.

11           “(B) PERSONAL USE EXCEPTION.—Subject  
12 to regulation prescribed by the Secretary, the  
13 term ‘producer’ shall not include any individual  
14 otherwise described in subparagraph (A) if the  
15 only cannabis product described in such sub-  
16 paragraph with respect to such individual is for  
17 personal or family use and not for sale.

18           “(C) CANNABIS FARMERS NOT PRO-  
19 DUCERS.—A producer does not mean a person  
20 who plants, cultivates, harvests, grows the raw  
21 agricultural commodity of cannabis not yet fin-  
22 ished into a produced article for consumption.  
23 This provision shall not be constructed as pre-  
24 cluding a cannabis farmer from also being a  
25 cannabis producer within the same enterprise.



1           “(3) IMPORTER.—The term ‘importer’ means  
2 any person who—

3           “(A) is in the United States and to whom  
4 non-tax-paid cannabis products, produced in a  
5 foreign country or a possession of the United  
6 States, are shipped or consigned,

7           “(B) removes cannabis products for sale or  
8 consumption in the United States from a cus-  
9 toms warehouse, or

10           “(C) smuggles or otherwise unlawfully  
11 brings any cannabis product into the United  
12 States.

13           “(4) EXPORT WAREHOUSE PROPRIETOR.—

14           “(A) IN GENERAL.—The term ‘export  
15 warehouse proprietor’ means any person who  
16 operates an export warehouse.

17           “(B) EXPORT WAREHOUSE.—The term  
18 ‘export warehouse’ means an internal revenue  
19 warehouse for the storage of cannabis products,  
20 upon which the internal revenue tax has not  
21 been paid—

22           “(i) for subsequent shipment to a for-  
23 eign country or a possession of the United  
24 States, or

1                   “(ii) for consumption beyond the ju-  
2                   risdiction of the internal revenue laws of  
3                   the United States.

4                   “(5) CANNABIS PRODUCTION FACILITY.—The  
5                   term ‘cannabis production facility’ means an estab-  
6                   lishment that is qualified under subchapter C to per-  
7                   form any operation for which such qualification is  
8                   required under such subchapter.

9                   “(c) OTHER DEFINITIONS.—For purposes of this  
10 chapter—

11                   “(1) PRODUCE.—The term ‘produce’ includes  
12                   any activity described in subsection (b)(2)(A).

13                   “(2) REMOVAL; REMOVE.—The terms ‘removal’  
14                   or ‘remove’ mean—

15                   “(A) the transfer of cannabis products  
16                   from the premises of a producer (or the trans-  
17                   fer of such products from the premises of a pro-  
18                   ducer to the premises of such producer),

19                   “(B) release of such products from cus-  
20                   toms custody, or

21                   “(C) smuggling or other unlawful importa-  
22                   tion of such products into the United States.

23                   “(3) REMOVAL PRICE.—The term ‘removal  
24                   price’ means—

1           “(A) except as otherwise provided in this  
2 paragraph, the price for which the cannabis  
3 product is sold in the sale that occurs in con-  
4 nection with the removal of such product,

5           “(B) in the case of any such sale that is  
6 described in section 5903(c), the price deter-  
7 mined under such section, and

8           “(C) if there is no sale that occurs in con-  
9 nection with such removal, the price that would  
10 be determined under section 5903(c) if such  
11 product were sold at a price that cannot be de-  
12 termined.

13 **“SEC. 5903. LIABILITY AND METHOD OF PAYMENT.**

14       “(a) LIABILITY FOR TAX.—

15           “(1) ORIGINAL LIABILITY.—The producer or  
16 importer of any cannabis product shall be liable for  
17 the taxes imposed thereon by section 5901.

18           “(2) TRANSFER OF LIABILITY.—

19           “(A) IN GENERAL.—When cannabis prod-  
20 ucts are transferred, without payment of tax,  
21 pursuant to subsection (b) or (c) of section  
22 5904—

23           “(i) except as provided in clause (ii),  
24 the transferee shall become liable for the  
25 tax upon receipt by the transferee of such

1 articles, and the transferor shall there-  
2 upon be relieved of their liability for such  
3 tax, and

4 “(ii) in the case of cannabis products  
5 that are released from customs custody for  
6 transfer to the premises of a producer, the  
7 transferee shall become liable for the tax  
8 on such articles upon release from customs  
9 custody, and the importer shall thereupon  
10 be relieved of their liability for such tax.

11 “(B) RETURN.—All provisions of this  
12 chapter applicable to cannabis products shall be  
13 applicable to such articles returned upon with-  
14 drawal from the market or returned after pre-  
15 vious removal for a tax-exempt purpose.

16 “(b) METHOD OF PAYMENT OF TAX.—

17 “(1) IN GENERAL.—

18 “(A) TAXES PAID ON BASIS OF RETURN.—  
19 The taxes imposed by section 5901 shall be  
20 paid on the basis of return. The Secretary shall,  
21 by regulations, prescribe the period or the event  
22 to be covered by such return and the informa-  
23 tion to be furnished on such return.

24 “(B) APPLICATION TO TRANSFEREES.—In  
25 the case of any transfer to which subsection

1 (a)(2)(A) applies, the tax under section 5901 on  
2 the transferee shall (if not otherwise relieved by  
3 reason of a subsequent transfer to which such  
4 subsection applies) be imposed with respect to  
5 the removal of the cannabis product from the  
6 premises of the transferee.

7 “(C) POSTPONEMENT.—Any postponement  
8 under this subsection of the payment of taxes  
9 determined at the time of removal shall be con-  
10 ditioned upon compliance with such require-  
11 ments, as the Secretary may prescribe for the  
12 protection of the revenue. The Secretary may,  
13 by regulations, require payment of tax on the  
14 basis of a return prior to removal of the can-  
15 nabis products where a person defaults in the  
16 postponed payment of tax on the basis of a re-  
17 turn under this subsection or regulations pre-  
18 scribed thereunder.

19 “(D) ADMINISTRATION AND PENALTIES.—  
20 All administrative and penalty provisions of this  
21 title, as applicable, shall apply to any tax im-  
22 posed by section 5901.

23 “(2) TIME FOR PAYMENT OF TAXES.—

24 “(A) IN GENERAL.—Except as otherwise  
25 provided in this paragraph, in the case of taxes

1 on cannabis products removed during any semi-  
2 monthly period for deferred payment of tax,  
3 the last day for payment of such taxes shall be  
4 the 14th day after the last day of such semi-  
5 monthly period.

6 “(B) IMPORTED ARTICLES.—In the case of  
7 cannabis products that are imported into the  
8 United States, the following provisions shall  
9 apply:

10 “(i) IN GENERAL.—The last day for  
11 payment of tax shall be the 14th day after  
12 the last day of the semimonthly period  
13 during which the article is entered into the  
14 customs territory of the United States.

15 “(ii) SPECIAL RULE FOR ENTRY OF  
16 WAREHOUSING.—Except as provided in  
17 clause (iv), in the case of an entry for  
18 warehousing, the last day for payment of  
19 tax shall not be later than the 14th day  
20 after the last day of the semimonthly pe-  
21 riod during which the article is removed  
22 from the first such warehouse.

23 “(iii) FOREIGN TRADE ZONES.—Ex-  
24 cept as provided in clause (iv) and in regu-  
25 lations prescribed by the Secretary, articles

1 brought into a foreign trade zone shall,  
2 notwithstanding any other provision of law,  
3 be treated for purposes of this subsection  
4 as if such zone were a single customs  
5 warehouse.

6 “(iv) EXCEPTION FOR ARTICLES DES-  
7 TINED FOR EXPORT.—Clauses (ii) and (iii)  
8 shall not apply to any article that is shown  
9 to the satisfaction of the Secretary to be  
10 destined for export.

11 “(C) CANNABIS PRODUCTS BROUGHT INTO  
12 THE UNITED STATES FROM PUERTO RICO.—In  
13 the case of cannabis products that are brought  
14 into the United States from Puerto Rico and  
15 subject to tax under section 7652, the last day  
16 for payment of tax shall be the 14th day after  
17 the last day of the semimonthly period during  
18 which the article is brought into the United  
19 States.

20 “(D) SPECIAL RULE WHERE DUE DATE  
21 FALLS ON SATURDAY, SUNDAY, OR HOLIDAY.—  
22 Notwithstanding section 7503, if, but for this  
23 subparagraph, the due date under this para-  
24 graph would fall on a Saturday, Sunday, or a  
25 legal holiday (as defined in section 7503), such

1 due date shall be the immediately preceding day  
2 that is not a Saturday, Sunday, or such a holi-  
3 day.

4 “(E) SPECIAL RULE FOR UNLAWFULLY  
5 PRODUCED CANNABIS PRODUCTS.—In the case  
6 of any cannabis products produced in the  
7 United States at any place other than the  
8 premises of a producer that has obtained the  
9 permit required under this chapter, tax shall be  
10 due and payable immediately upon production.

11 “(3) PAYMENT BY ELECTRONIC FUND TRANS-  
12 FER.—Any person who in any 12-month period, end-  
13 ing December 31, was liable for a gross amount  
14 equal to or exceeding \$1,000,000 in taxes imposed  
15 on cannabis products by section 5901 (or section  
16 7652) shall pay such taxes during the succeeding  
17 calendar year by electronic fund transfer (as defined  
18 in section 5061(e)(2)) to a Federal Reserve Bank.  
19 Rules similar to the rules of section 5061(e)(3) shall  
20 apply to the \$1,000,000 amount specified in the pre-  
21 ceding sentence.

22 “(c) DEFINITION OF PRICE.—

23 “(1) CONSTRUCTIVE SALE PRICE.—

24 “(A) IN GENERAL.—If an article is sold di-  
25 rectly to consumers, sold on consignment, or



1 sold (otherwise than through an arm's length  
2 transaction) at less than the fair market price,  
3 or if the price for which the article sold cannot  
4 be determined, the tax under section 5901(a)  
5 shall be computed on the price for which such  
6 articles are sold, in the ordinary course of  
7 trade, by producers thereof, as determined by  
8 the Secretary.

9 “(B) ARM’S LENGTH.—

10 “(i) IN GENERAL.—For purposes of  
11 this section, a sale is considered to be  
12 made under circumstances otherwise than  
13 at arm’s length if—

14 “(I) the parties are members of  
15 the same controlled group, whether or  
16 not such control is actually exercised  
17 to influence the sale price,

18 “(II) the parties are members of  
19 a family, as defined in section  
20 267(c)(4), or

21 “(III) the sale is made pursuant  
22 to special arrangements between a  
23 producer and a purchaser.

24 “(ii) CONTROLLED GROUPS.—

1           “(I) IN GENERAL.—The term  
2           ‘controlled group’ has the meaning  
3           given to such term by subsection (a)  
4           of section 1563, except that ‘more  
5           than 50 percent’ shall be substituted  
6           for ‘at least 80 percent’ each place it  
7           appears in such subsection.

8           “(II) CONTROLLED GROUPS  
9           THAT INCLUDE NONINCORPORATED  
10          PERSONS.—Under regulations pre-  
11          scribed by the Secretary, principles  
12          similar to the principles of subclause  
13          (I) shall apply to a group of persons  
14          under common control where one or  
15          more of such persons is not a corpora-  
16          tion.

17          “(2) CONTAINERS, PACKING AND TRANSPOR-  
18          TATION CHARGES.—In determining, for the purposes  
19          of this chapter, the price for which an article is sold,  
20          there shall not be included any charge for coverings  
21          and containers of whatever nature, and any charge  
22          incident to placing the article in condition packed  
23          ready for shipment. Further, there shall be excluded  
24          the amount of tax imposed by this chapter, whether  
25          or not stated as a separate charge. A transportation,

1 delivery, insurance, installation, or other charge (not  
2 required by the preceding sentence to be included)  
3 shall likewise be excluded from the price.

4 “(d) PARTIAL PAYMENTS AND INSTALLMENT AC-  
5 COUNTS.—

6 “(1) PARTIAL PAYMENTS.—There shall be paid  
7 upon each payment with respect to the article a per-  
8 centage of such payment equal to the rate of tax in  
9 effect on the date such payment is due in the case  
10 of—

11 “(A) a contract for the sale of an article  
12 wherein it is provided that the price shall be  
13 paid by installments and title to the article sold  
14 does not pass until a future date notwith-  
15 standing partial payment by installments,

16 “(B) a conditional sale, or

17 “(C) a chattel mortgage arrangement  
18 wherein it is provided that the sales price shall  
19 be paid in installments.

20 “(2) SALES OF INSTALLMENT ACCOUNTS.—If  
21 installment accounts, with respect to payments on  
22 which tax is being computed as provided in para-  
23 graph (1), are sold or otherwise disposed of, then  
24 paragraph (1) shall not apply with respect to any  
25 subsequent payments on such accounts (other than

1 subsequent payments on returned accounts with re-  
2 spect to which credit or refund is allowable by rea-  
3 son of section 6416(b)(5)), but instead—

4 “(A) there shall be paid an amount equal  
5 to the difference between—

6 “(i) the tax previously paid on the  
7 payments on such installment accounts,  
8 and

9 “(ii) the total tax that would be pay-  
10 able if such installment accounts had not  
11 been sold or otherwise disposed of (com-  
12 puted as provided in paragraph (1)), ex-  
13 cept that

14 “(B) if any such sale is pursuant to the  
15 order of, or subject to the approval of, a court  
16 of competent jurisdiction in a bankruptcy or in-  
17 solvency proceeding, the amount computed  
18 under subparagraph (A) shall not exceed the  
19 sum of the amounts computed by multiplying—

20 “(i) the proportionate share of the  
21 amount for which such accounts are sold  
22 that is allocable to each unpaid installment  
23 payment, by

1                   “(ii) the rate of tax under this chap-  
2                   ter in effect on the date such unpaid in-  
3                   stallment payment is or was due.

4                   “(3) LIMITATION.—The sum of the amounts  
5                   payable under this subsection in respect of the sale  
6                   of any article shall not exceed the total tax.

7   **“SEC. 5904. EXEMPTION FROM TAX.**

8                   “(a) EXEMPTION FROM TAX.—Cannabis products on  
9                   which the internal revenue tax has not been paid or deter-  
10                  mined may, subject to such regulations as the Secretary  
11                  shall prescribe, be withdrawn from the premises of any  
12                  producer in approved containers free of tax and not for  
13                  resale for use—

14                  “(1) exclusively in scientific research by a lab-  
15                  oratory,

16                  “(2) by a proprietor of a cannabis production  
17                  facility in research, development, or testing (other  
18                  than consumer testing or other market analysis) of  
19                  processes, systems, materials, or equipment, relating  
20                  to cannabis or cannabis operations, under such limi-  
21                  tations and conditions as to quantities, use, and ac-  
22                  countability as the Secretary may by regulations re-  
23                  quire for the protection of the revenue,

24                  “(3) by the United States or any governmental  
25                  agency thereof, any State, any political subdivision

1 of a State, or the District of Columbia, for non-  
2 consumption purposes, or

3 “(4) by a qualified State medical cannabis pa-  
4 tient or patients, when the cannabis product is  
5 100% donated to the patient or patients, and such  
6 a donated article otherwise qualifies for use as a  
7 ‘designated State medical cannabis product’ within  
8 the meaning of the Federal Food, Drug, and Cos-  
9 metic Act, section 360ggg, part J of subchapter V  
10 of chapter 9 of title 21 of the United States Code.

11 “(b) CANNABIS PRODUCTS TRANSFERRED OR RE-  
12 MOVED FROM DOMESTIC FACTORIES AND EXPORT WARE-  
13 HOUSES.—

14 “(1) IN GENERAL.—Subject to such regulations  
15 as the Secretary shall prescribe, a producer or ex-  
16 port warehouse proprietor may transfer cannabis  
17 products, without payment of tax, to the premises of  
18 another producer or export warehouse proprietor, or  
19 remove such articles, without payment of tax, for  
20 shipment to a foreign country, Puerto Rico, the Vir-  
21 gin Islands, or a possession of the United States, or  
22 for consumption beyond the jurisdiction of the inter-  
23 nal revenue laws of the United States.

24 “(2) LABELING.—Cannabis products may not  
25 be transferred or removed under this subsection un-

1 less such products bear such marks, labels, or no-  
2 tices as the Secretary shall by regulations prescribe.

3 “(c) CANNABIS PRODUCTS RELEASED FROM CUS-  
4 TOMS CUSTODY.—Cannabis products imported or brought  
5 into the United States may be released from customs cus-  
6 tody, without payment of tax, for delivery to a producer  
7 or export warehouse proprietor if such articles are not put  
8 up in packages, in accordance with such regulations as  
9 the Secretary shall prescribe.

10 “(d) CANNABIS PRODUCTS EXPORTED AND RE-  
11 TURNED.—Cannabis products classifiable under item  
12 9801.00.10 of the Harmonized Tariff Schedule of the  
13 United States (relating to duty on certain articles pre-  
14 viously exported and returned), as in effect on the date  
15 of the enactment of the States Reform Act, may be re-  
16 leased from customs custody, without payment of that  
17 part of the duty attributable to the internal revenue tax  
18 for delivery to the original producer of such cannabis prod-  
19 ucts or to the export warehouse proprietor authorized by  
20 such producer to receive such products, in accordance with  
21 such regulations as the Secretary shall prescribe. Upon  
22 such release such products shall be subject to this chapter  
23 as if they had not been exported or otherwise removed.

24 **“SEC. 5905. CREDIT, REFUND, OR DRAWBACK OF TAX.**

25 “(a) CREDIT OR REFUND.—

1           “(1) IN GENERAL.—Credit or refund of any tax  
2 imposed by this chapter or section 7652 shall be al-  
3 lowed or made (without interest) to the producer,  
4 importer, or export warehouse proprietor on proof  
5 satisfactory to the Secretary that the claimant pro-  
6 ducer, importer, or export warehouse proprietor has  
7 paid the tax on—

8           “(A) cannabis products withdrawn from  
9 the market by the claimant, or

10           “(B) such products lost (otherwise than by  
11 theft) or destroyed, by fire, casualty, or act of  
12 God, while in the possession or ownership of the  
13 claimant.

14           “(2) CANNABIS PRODUCTS LOST OR DE-  
15 STROYED.—

16           “(A) EXTENT OF LOSS ALLOWANCE.—No  
17 tax shall be collected in respect of cannabis  
18 products lost or destroyed, except that such tax  
19 shall be collected—

20           “(i) in the case of loss by theft, unless  
21 the Secretary finds that the theft occurred  
22 without connivance, collusion, fraud, or  
23 negligence on the part of the proprietor of  
24 cannabis production facility, or owner, con-



1 signor, consignee, bailee, or carrier, or  
2 their employees or agents,

3 “(ii) in the case of voluntary destruc-  
4 tion, unless such destruction is carried out  
5 as provided in paragraph (3), and

6 “(iii) in the case of an unexplained  
7 shortage of cannabis products.

8 “(B) PROOF OF LOSS.—In any case in  
9 which cannabis products are lost or destroyed,  
10 whether by theft or otherwise, the Secretary  
11 may require the proprietor of a cannabis pro-  
12 duction facility or other person liable for the  
13 tax to file a claim for relief from the tax and  
14 submit proof as to the cause of such loss. In  
15 every case where it appears that the loss was by  
16 theft, the burden shall be upon the proprietor  
17 of the cannabis production facility or other per-  
18 son responsible for the tax under section 5901  
19 to establish to the satisfaction of the Secretary  
20 that such loss did not occur as the result of  
21 connivance, collusion, fraud, or negligence on  
22 the part of the proprietor of the cannabis pro-  
23 duction facility, or owner, consignor, consignee,  
24 bailee, or carrier, or their employees or agents.

1           “(C) REFUND OF TAX.—In any case where  
2           the tax would not be collectible by virtue of sub-  
3           paragraph (A), but such tax has been paid, the  
4           Secretary shall refund such tax.

5           “(D) LIMITATIONS.—Except as provided in  
6           subparagraph (E), no tax shall be abated, re-  
7           mitted, credited, or refunded under this para-  
8           graph where the loss occurred after the tax was  
9           determined. The abatement, remission, credit,  
10          or refund of taxes provided for by subpara-  
11          graphs (A) and (C) in the case of loss of can-  
12          nabis products by theft shall only be allowed to  
13          the extent that the claimant is not indemnified  
14          against or recompensed in respect of the tax for  
15          such loss.

16          “(E) APPLICABILITY.—The provisions of  
17          this paragraph shall extend to and apply in re-  
18          spect of cannabis products lost after the tax  
19          was determined and before completion of the  
20          physical removal of the cannabis products from  
21          the premises.

22          “(3) VOLUNTARY DESTRUCTION.—The propri-  
23          etor of a cannabis production facility or other per-  
24          sons liable for the tax imposed by this chapter or by  
25          section 7652 with respect to any cannabis product

1       may voluntarily destroy such products, but only if  
2       such destruction is under such supervision and  
3       under such regulations as the Secretary may pre-  
4       scribe.

5           “(4) LIMITATION.—Any claim for credit or re-  
6       fund of tax under this subsection shall be filed with-  
7       in 6 months after the date of the withdrawal from  
8       the market, loss, or destruction of the products to  
9       which the claim relates, and shall be in such form  
10      and contain such information as the Secretary shall  
11      by regulations prescribe.

12      “(b) DRAWBACK OF TAX.—There shall be an allow-  
13      ance of drawback of tax paid on cannabis products, when  
14      shipped from the United States, in accordance with such  
15      regulations as the Secretary shall prescribe.

## 16                   **“Subchapter B—Operations**

### 17      **“SEC. 5911. INVENTORIES, REPORTS, AND RECORDS.**

18      “(a) Every cannabis business shall maintain inven-  
19      tories required by title 26, section 471 of the Internal Rev-  
20      enue Code as the Secretary shall by formal rulemaking  
21      prescribe, with such inventories to be subject to  
22      verification by any Internal Revenue official during busi-  
23      ness hours, in such form, at such times, and for such peri-  
24      ods as the Secretary shall by formal rulemaking prescribe.

1           “(1) The formal rulemaking shall take into con-  
2           sideration existing State reporting and inventory  
3           tracking mechanisms and be compatible with exist-  
4           ing State reporting and inventory tracking mecha-  
5           nisms to the extent possible.

6           “(2) The formal rulemaking may allow for the  
7           creation of Federal processes and systems to supple-  
8           ment, and that are compatible with, existing State  
9           tracking and reporting mechanisms.

10           “(3) Rulemaking with respect to this section  
11           5911 shall take place pursuant to the Administrative  
12           Procedure Act (5 U.S.C. 500 et seq.) and encompass  
13           Paperwork Reduction Act considerations.

14   **“SEC. 5912. PACKAGING AND LABELING.**

15           “(a) PACKAGES.—All cannabis products shall, before  
16           removal, be put up in such packages as the Secretary shall  
17           by regulation prescribe.

18           “(b) MARKS, LABELS, AND NOTICES.—Every pack-  
19           age of cannabis products shall, before removal, bear the  
20           marks, labels, and notices, if any, that the Secretary by  
21           regulation prescribes, including, but not limited to, the  
22           total amount of THC or tetrahydrocannabinol.

23           “(c) LOTTERY FEATURES.—No certificate, coupon,  
24           or other device purporting to be or to represent a ticket,  
25           chance, share, or an interest in, or dependent on, the event

1 of a lottery shall be contained in, attached to, or stamped,  
2 marked, written, or printed on any package of a cannabis  
3 product or cannabis products.

4 “(d) EXCEPTIONS.—Subject to regulations pre-  
5 scribed by the Secretary, cannabis products may be ex-  
6 empted from subsections (a) and (b) if such products  
7 are—

8 “(1) for experimental purposes, or

9 “(2) transferred to the premises of another pro-  
10 ducer or export warehouse proprietor or released  
11 from customs custody for delivery to a producer.

12 **“SEC. 5913. PURCHASE, RECEIPT, POSSESSION, OR SALE OF**  
13 **CANNABIS PRODUCTS AFTER REMOVAL.**

14 “(a) RESTRICTION.—No person shall—

15 “(1) with intent to defraud the United States,  
16 purchase, receive, possess, offer for sale, or sell or  
17 otherwise dispose of, after removal, any cannabis  
18 products—

19 “(A) upon which the tax has not been paid  
20 or determined in the manner and at the time  
21 prescribed by this chapter or regulations there-  
22 under, or

23 “(B) that, after removal without payment  
24 of tax pursuant to section 5904(a), have been

1           diverted from the applicable purpose or use  
2           specified in that section,

3           “(2) with intent to defraud the United States,  
4           purchase, receive, possess, offer for sale, or sell or  
5           otherwise dispose of, after removal, any cannabis  
6           products that are not put up in packages as required  
7           under section 5912 or that are put up in packages  
8           not bearing the marks, labels, and notices, as re-  
9           quired under such section, or

10           “(3) otherwise than with intent to defraud the  
11           United States, purchase, receive, possess, offer for  
12           sale, or sell or otherwise dispose of, after removal,  
13           any cannabis products that are not put up in pack-  
14           ages as required under section 5912 or that are put  
15           up in packages not bearing the marks, labels, and  
16           notices, as required under such section.

17           “(b) EXCEPTION.—Paragraph (3) of subsection (a)  
18           shall not prevent the sale or delivery of cannabis products  
19           directly to consumers from proper packages, nor apply to  
20           such articles when so sold or delivered.

21           “(c) LIABILITY TO TAX.—Any person who possesses  
22           cannabis products in violation of paragraph (1) or (2) of  
23           subsection (a) shall be liable for a tax equal to the tax  
24           on such articles.

1 **“SEC. 5914. RESTRICTIONS RELATING TO MARKS, LABELS,**  
2 **NOTICES, AND PACKAGES.**

3 “No person shall, with intent to defraud the United  
4 States, destroy, obliterate, or detach any mark, label, or  
5 notice prescribed or authorized, by this chapter or regula-  
6 tions thereunder, to appear on, or be affixed to, any pack-  
7 age of cannabis products before such package is emptied.

8 **“SEC. 5915. RESTRICTION ON IMPORTATION OF PRE-**  
9 **VIOUSLY EXPORTED CANNABIS PRODUCTS.**

10 “(a) EXPORT LABELED CANNABIS PRODUCTS.—

11 “(1) IN GENERAL.—Cannabis products pro-  
12 duced in the United States and labeled for expor-  
13 tation under this chapter—

14 “(A) may be transferred to or removed  
15 from the premises of a producer or an export  
16 warehouse proprietor only if such articles are  
17 being transferred or removed without tax in ac-  
18 cordance with section 5904,

19 “(B) may be imported or brought into the  
20 United States, after their exportation, only if  
21 such articles either are eligible to be released  
22 from customs custody with the partial duty ex-  
23 emption provided in section 5904(d) or are re-  
24 turned to the original producer of such article  
25 as provided in section 5904(c), and

1           “(C) may not be sold or held for sale for  
2           domestic consumption in the United States un-  
3           less such articles are removed from their export  
4           packaging and repackaged by the original pro-  
5           ducer into new packaging that does not contain  
6           an export label.

7           “(2) ALTERATIONS BY PERSONS OTHER THAN  
8           ORIGINAL PRODUCER.—This section shall apply to  
9           articles labeled for export even if the packaging or  
10          the appearance of such packaging to the consumer  
11          of such articles has been modified or altered by a  
12          person other than the original producer so as to re-  
13          move or conceal or attempt to remove or conceal (in-  
14          cluding by the placement of a sticker over) any ex-  
15          port label.

16          “(3) EXPORTS INCLUDE SHIPMENTS TO PUER-  
17          TO RICO.—For purposes of this section, section  
18          5904(d), section 5921, and such other provisions as  
19          the Secretary may specify by regulations, references  
20          to exportation shall be treated as including a ref-  
21          erence to shipment to the Commonwealth of Puerto  
22          Rico.

23          “(b) EXPORT LABEL.—For purposes of this section,  
24          an article is labeled for export or contains an export label



1 if it bears the mark, label, or notice required under section  
2 5904(b).

3 **“Subchapter C—Penalties**

4 **“SEC. 5921. CIVIL PENALTIES.**

5 “(a) OMITTING THINGS REQUIRED OR DOING  
6 THINGS FORBIDDEN.—Whoever willfully omits, neglects,  
7 or refuses to comply with any duty imposed upon them  
8 by this chapter, or to do, or cause to be done, any of the  
9 things required by this chapter, or does anything prohib-  
10 ited by this chapter, shall in addition to any other penalty  
11 provided in this title, be liable to a penalty of \$10,000,  
12 to be recovered, with costs of suit, in a civil action, except  
13 where a penalty under subsection (b) or (c) or under sec-  
14 tion 6651 or 6653 or part II of subchapter A of chapter  
15 68 may be collected from such person by assessment.

16 “(b) FAILURE TO PAY TAX.—Whoever fails to pay  
17 any tax imposed by this chapter at the time prescribed  
18 by law or regulations, shall, in addition to any other pen-  
19 alty provided in this title, be liable to a penalty of 10 per-  
20 cent of the tax due but unpaid.

21 “(c) SALE OF CANNABIS OR CANNABIS PRODUCTS  
22 FOR EXPORT.—Every person who—

23 “(1) sells, relands, or receives within the juris-  
24 diction of the United States any cannabis products

1 that have been labeled or shipped for exportation  
2 under this chapter,

3 “(2) sells or receives such relanded cannabis  
4 products, or

5 “(3) aids or abets in such selling, relanding, or  
6 receiving,

7 shall, in addition to the tax and any other penalty provided  
8 in this title, be liable for a penalty equal to the greater  
9 of \$10,000 or 10 times the amount of the tax imposed  
10 by this chapter. All cannabis products relanded within the  
11 jurisdiction of the United States shall be forfeited to the  
12 United States and destroyed. All vessels, vehicles, and air-  
13 craft used in such relanding or in removing such cannabis  
14 products from the place where relanded, shall be forfeited  
15 to the United States.

16 “(d) APPLICABILITY OF SECTION 6665.—The pen-  
17 alties imposed by subsections (b) and (c) shall be assessed,  
18 collected, and paid in the same manner as taxes, as pro-  
19 vided in section 6665(a).

20 “(e) CROSS REFERENCES.—For penalty for failure to  
21 make deposits or for overstatement of deposits, see section  
22 6656.

23 “(f) FRAUDULENT OFFENSES.—Whoever, with in-  
24 tent to defraud the United States—

1           “(1) engages in business as a cannabis business  
2 without filing the application and obtaining the per-  
3 mit where required by this chapter or regulations  
4 thereunder,

5           “(2) fails to keep or make any record, return,  
6 report, or inventory, or keeps or makes any false or  
7 fraudulent record, return, report, or inventory, re-  
8 quired by this chapter or regulations thereunder,

9           “(3) refuses to pay any tax imposed by this  
10 chapter, or attempts in any manner to evade or de-  
11 feat the tax or the payment thereof,

12           “(4) sells or otherwise transfers, contrary to  
13 this chapter or regulations thereunder, any cannabis  
14 products subject to tax under this chapter, or

15           “(5) purchases, receives, or possesses, with in-  
16 tent to redistribute or resell, any cannabis product—

17           “(A) upon which the tax has not been paid  
18 or determined in the manner and at the time  
19 prescribed by this chapter or regulations there-  
20 under, or

21           “(B) that, without payment of tax pursu-  
22 ant to section 5904, have been diverted from  
23 the applicable purpose or use specified in that  
24 section, shall, for each such offense, be fined

1 not more than \$10,000, or imprisoned not more  
2 than 5 years, or both.

3 “(g) LIABILITY TO TAX.—Any person who possesses  
4 cannabis products in violation of subsection (f) shall be  
5 liable for a tax equal to the tax on such articles.”.

6 **SEC. 503. REPORTS AND CONFORMING AMENDMENTS.**

7 (a) STUDY.—Not later than 2 years after the date  
8 of the enactment of this Act, and every 5 years thereafter,  
9 the Secretary of the Treasury, or the Secretary’s delegate,  
10 shall—

11 (1) conduct a study concerning the characteris-  
12 tics of the cannabis industry, including the number  
13 of persons operating cannabis businesses at each  
14 level of such industry, the volume of sales, the  
15 amount of tax collected each year, and the areas of  
16 evasion, and

17 (2) submit to Congress recommendations to im-  
18 prove the regulation of the industry and the admin-  
19 istration of the related tax.

20 (b) ANNUAL REPORTS REGARDING DETERMINATION  
21 OF APPLICABLE RATES.—Not later than 6 months before  
22 the beginning of each calendar year to which section  
23 5901(a)(2) of the Internal Revenue Code of 1986 (as  
24 added by this section) applies, the Secretary of the Treas-  
25 ury, or the Secretary’s delegate, shall make publicly avail-

1 able a detailed description of the methodology that the  
2 Secretary anticipates using to determine the applicable ex-  
3 cise tax rates that will apply for such calendar year under  
4 section 5901(c)(2) of such Code.

5 (c) CONFORMING AMENDMENTS.—

6 (1) Section 6103(o)(1)(A) of the Internal Rev-  
7 enue Code of 1986 is amended by striking “and fire-  
8 arms” and inserting “firearms, and cannabis prod-  
9 ucts”.

10 (2) The table of chapters for subtitle E of the  
11 Internal Revenue Code of 1986 is amended by add-  
12 ing at the end the following new chapter:

“CHAPTER 56. CANNABIS PRODUCTS”.

13 (3) The table of sections for subchapter A of  
14 chapter 98 of such Code is amended by adding at  
15 the end the following:

“Sec. 9512. Law Enforcement Retraining and Successful Second Chances  
Fund.”.

16 (d) EFFECTIVE DATE.—

17 (1) IN GENERAL.—The amendments made by  
18 this section shall apply to sales, and applications for  
19 permits under section 5912 of the Internal Revenue  
20 Code of 1986 (as added by subsection (a)), after  
21 180 days after the date of the enactment of this Act.

22 (2) SPECIAL RULES FOR EXISTING BUSI-  
23 NESSES.—In the case of any producer operating

1 under a permit issued on or before the date of the  
2 enactment of this Act under State law, the require-  
3 ments under section 5912 of such Code (as so  
4 added) shall apply beginning on the date that is 6  
5 months after the date of the enactment of this Act.

6 (3) ESTABLISHMENT OF LAW ENFORCEMENT  
7 RETRAINING AND SUCCESSFUL SECOND CHANCES  
8 FUND.—The amendments made by subsection (a)  
9 shall take effect on the date of enactment of this  
10 Act.

## 11 **TITLE VI—VETERANS’ CARE AND** 12 **ACCESS**

### 13 **SEC. 601. NONDISCRIMINATION IN FEDERAL HIRING FOR** 14 **VETERAN MEDICAL CANNABIS USERS.**

15 (a) IN GENERAL.—It shall be unlawful for a “vet-  
16 eran”, as defined in title 38, section 101(2) of the United  
17 States Code, to be excluded from employment in the Fed-  
18 eral Government solely because the veteran consumes or  
19 has consumed cannabis, as defined in title 21, section  
20 802(16) or the United States Code. For the purposes de-  
21 termining if a person is a veteran under this provision,  
22 an other than honorable, bad conduct, or dishonorable re-  
23 lease premised solely on nonviolent cannabis charges cov-  
24 ered under section 101 of the States Reform Act shall be  
25 construed as a general discharge.

1 **SEC. 602. AUTHORIZED PROVISION OF INFORMATION ON**  
2 **STATE-APPROVED MARIJUANA PROGRAMS**  
3 **TO VETERANS.**

4 (a) AUTHORIZED PROVISION OF INFORMATION.—  
5 Notwithstanding the provisions of the Controlled Sub-  
6 stances Act (21 U.S.C. 801 et seq.) or any other Federal,  
7 State, or local law regulating or prohibiting the provision  
8 of information on marijuana, the Secretary of Veterans  
9 Affairs shall authorize physicians and other health care  
10 providers of the Veterans Health Administration of the  
11 Department of Veterans Affairs to provide to veterans who  
12 are residents of States with State-approved marijuana  
13 programs information regarding the participation of such  
14 veterans in such programs, recommend their participation  
15 in such programs or use of FDA-approved or designated  
16 State medical cannabis products (within the meaning of  
17 part J of subchapter V of chapter 9 of title 21 of the  
18 United States Code (the Federal Food, Drug, and Cos-  
19 metic Act)) as part of a course of Veterans Affairs treat-  
20 ment, or prescribe the use of FDA-approved or designated  
21 State medical cannabis products (within the meaning of  
22 part J of subchapter V of chapter 9 of title 21 of the  
23 United States Code (the Federal Food, Drug, and Cos-  
24 metic Act)).

25 (b) DEFINITIONS.—In this section:

1           (1) The term “information” includes details  
2           such as informational materials, internet websites,  
3           and relevant contact information for State-approved  
4           marijuana programs.

5           (2) The term “marijuana” has the meaning  
6           given the term “marihuana” in section 102 of the  
7           Controlled Substances Act (21 U.S.C. 802).

8           (3) The term “State” means each of the several  
9           States, the District of Columbia, the Commonwealth  
10          of Puerto Rico, any territory, Federal enclave, or  
11          possession of the United States, and each federally  
12          recognized Indian Tribe.

13 **TITLE VII—MISCELLANEOUS UP-**  
14 **DATES AND TECHNICAL**  
15 **AMENDMENTS**

16 **SEC. 701. UNITED STATES INTERNATIONAL CANNABIS COM-**  
17 **MERCE POLICY.**

18           (a) UNITED STATES FOREIGN POLICY OBJECTIVES  
19 WITH RESPECT TO CANNABIS.—

20           (1) The President of the United States and the  
21           United States Trade Representative shall send trade  
22           missions and engage in treaty-making with foreign  
23           jurisdictions that have legalized the import and ex-  
24           port of cannabis to provide for the legal trade be-  
25           tween the United States and foreign jurisdictions.



1           (2) The principal negotiating objectives of the  
2 United States with respect to trade shall include the  
3 removal of unjustified foreign barriers to trade in  
4 cannabis, cannabis derivatives, and cannabis prod-  
5 ucts.

6           (3) The United Nations Ambassador is tasked  
7 with similarly ensuring updates to international ac-  
8 cords to reflect current practices.

9           (b) RULE OF CONSTRUCTION FOR INTERNATIONAL  
10 TREATIES RESPECTING DRUG POLICY; FEDERAL PRI-  
11 MACY ON SCHEDULING DECISIONS.—

12           (1) It is the policy of the United States that the  
13 power of the Federal Government to control, alter,  
14 heighten, lower, abolish, decontrol, or likewise mod-  
15 ify drug control scheduling for any particular sub-  
16 stance, including cannabis, is a vested power of the  
17 article I constitutional lawmaking power that no  
18 treaty, including the 1961 Single Convention on  
19 Narcotic Drugs, the 1971 Convention on Psycho-  
20 tropic Substances, 1972 Protocol Amending the Sin-  
21 gle Convention on Narcotic Drugs, and the 1988  
22 United Nations Convention Against Illicit Traffic in  
23 Narcotic Drugs and Psychotropic Substances, may  
24 infringe upon, oblige or impose a duty on the United  
25 States not to undertake at its pleasure, or otherwise

1 modify. This provision shall constitute a rule of con-  
2 struction for all Federal courts to apply in all cases.

3 **SEC. 702. CONTINUED FEDERAL EMPLOYEE DRUG TESTING.**

4 (a) SPECIAL RULE FOR FEDERAL EMPLOYEE TEST-  
5 ING.—Section 503 of the Supplemental Appropriations  
6 Act, 1987 (5 U.S.C. 7301 note) is amended by adding at  
7 the end the following:

8 “(h) CANNABIS.—

9 “(1) CONTINUED TESTING.—Notwithstanding  
10 the States Reform Act and the amendments made  
11 thereby, the Secretary of Health and Human Serv-  
12 ices may continue to include cannabis for purposes  
13 of drug testing of Federal employees subject to Ex-  
14 ecutive Order 12564, or other applicable Federal  
15 laws and orders.

16 “(2) DEFINITION.—The term ‘cannabis’ has  
17 the meaning given to the term ‘marihuana’ in sec-  
18 tion 102 of the Controlled Substances Act (21  
19 U.S.C. 802).”.

20 (b) SPECIAL RULE FOR CERTAIN REGULATIONS.—

21 (1) IN GENERAL.—The amendments made by  
22 this section may not be construed to abridge the au-  
23 thority of the Secretary of Transportation, or the  
24 Secretary of the department in which the Coast  
25 Guard is operating, to regulate and screen for the

1 use of cannabis or a controlled substance within the  
2 meaning of section 102 of the Controlled Substances  
3 Act (21 U.S.C. 802).

4 **SEC. 703. DEMOGRAPHIC DATA ON NEW INDUSTRY OF CAN-**  
5 **NABIS BUSINESS OWNERS AND EMPLOYEES.**

6 (a) IN GENERAL.—The Bureau of Labor Statistics  
7 shall regularly compile, maintain, and make public data  
8 on the demographics of—

9 (1) individuals who are business owners in the  
10 cannabis industry; and

11 (2) individuals who are employed in the can-  
12 nabis industry.

13 (b) DEMOGRAPHIC DATA.—The data collected under  
14 subsection (a) shall include data regarding—

15 (1) age;

16 (2) certifications and licenses;

17 (3) disability status;

18 (4) educational attainment;

19 (5) family and marital status;

20 (6) nativity;

21 (7) race and Hispanic ethnicity;

22 (8) school enrollment;

23 (9) veteran status; and

24 (10) sex.

1 (c) CONFIDENTIALITY.—The name, address, and  
2 other identifying information of individuals employed in  
3 the cannabis industry shall be kept confidential by the Bu-  
4 reau and not be made available to the public.

5 (d) DEFINITIONS.—In this section:

6 (1) CANNABIS.—The term “cannabis” means  
7 either “marihuana”, as defined in section 102 of the  
8 Controlled Substances Act (21 U.S.C. 802), or “can-  
9 nabis”, as defined under the State law authorizing  
10 the sale or use of cannabis in which the individual  
11 or entity is located.

12 (2) CANNABIS INDUSTRY.—The term “cannabis  
13 industry” means an individual or entity that is li-  
14 censed or permitted under a State or local law to en-  
15 gage in commercial cannabis-related activity.

16 (3) OWNER.—The term “owner” means an in-  
17 dividual or entity that is defined as an owner under  
18 the State or local law where the individual or busi-  
19 ness is licensed or permitted.

20 **SEC. 704. CONFORMING AMENDMENT TO CREATE UNI-**  
21 **FORMITY OF REFERENCES IN EXISTING LAW**  
22 **TO CANNABIS, MARIJUANA, OR MARIHUANA.**

23 Wherever, in the statutes of the United States or in  
24 the rulings, regulations, or interpretations of various ad-  
25 ministrative bureaus and agencies of the United States—

1           (1) there appears or may appear the term  
2           “marihuana” or “marijuana”, that term shall be  
3           struck and the term “cannabis” shall be inserted;  
4           and

5           (2) there appears or may appear the term  
6           “Marihuana” or “Marijuana”, that term shall be  
7           struck and the term “Cannabis” shall be inserted.

8   **SEC. 705. EFFECTIVE UPON ENACTMENT.**

9           Except for the provisions made in section 101(d) of  
10          title I of this Act and throughout title V, this Act shall  
11          be considered effective as of its date of enactment.

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