

1 have adopted laws legalizing cannabis for adult rec-
2 reational use.

3 (4) A total of 47 States have reformed their
4 laws pertaining to cannabis despite the Schedule I
5 status of marijuana and its Federal criminalization.

6 (5) Legal cannabis sales totaled
7 \$20,000,000,000 in 2020 and are projected to reach
8 \$40,500,000,000 by 2025.

9 (6) According to the American Civil Liberties
10 Union (ACLU), enforcing cannabis prohibition laws
11 costs taxpayers approximately \$3.6 billion a year.

12 (7) The continued enforcement of cannabis pro-
13 hibition laws results in over 600,000 arrests annu-
14 ally, disproportionately impacting people of color
15 who are almost 4 times more likely to be arrested
16 for cannabis possession than their White counter-
17 parts, despite equal rates of use across populations.

18 (8) People of color have been historically tar-
19 geted by discriminatory sentencing practices result-
20 ing in Black men receiving drug sentences that are
21 13.1 percent longer than sentences imposed for
22 White men and Latinos being nearly 6.5 times more
23 likely to receive a Federal sentence for cannabis pos-
24 session than non-Hispanic Whites.

1 (9) In 2013, simple cannabis possession was the
2 fourth most common cause of deportation for any of-
3 fense and the most common cause of deportation for
4 drug law violations.

5 (10) Fewer than one-fifth of cannabis business
6 owners identify as minorities and only approximately
7 4 percent are black.

8 (11) Applicants for cannabis licenses are lim-
9 ited by numerous laws, regulations, and exorbitant
10 permit applications, licensing fees, and costs in these
11 States, which can require more than \$700,000.

12 (12) Historically disproportionate arrest and
13 conviction rates make it particularly difficult for
14 people of color to enter the legal cannabis market-
15 place, as most States bar these individuals from par-
16 ticipating.

17 (13) Federal law severely limits access to loans
18 and capital for cannabis businesses, disproportion-
19 ately impacting minority small business owners.

20 (14) Some States and municipalities have taken
21 proactive steps to mitigate inequalities in the legal
22 cannabis marketplace and ensure equal participation
23 in the industry.

1 **SEC. 3. DECRIMINALIZATION OF CANNABIS.**

2 (a) CANNABIS REMOVED FROM SCHEDULE OF CON-
3 TROLLED SUBSTANCES.—

4 (1) REMOVAL IN STATUTE.—Subsection (c) of
5 schedule I of section 202(c) of the Controlled Sub-
6 stances Act (21 U.S.C. 812) is amended—

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

8 (B) by striking “(17)
9 Tetrahydrocannabinols, except for
10 tetrahydrocannabinols in hemp (as defined in
11 section 297A of the Agricultural Marketing Act
12 of 1946).”.

13 (2) REMOVAL FROM SCHEDULE.—Not later
14 than 180 days after the date of the enactment of
15 this Act, the Attorney General shall finalize a rule-
16 making under section 201(a)(2) removing mari-
17 huana and tetrahydrocannabinols from the schedules
18 of controlled substances. For the purposes of the
19 Controlled Substances Act, marihuana and
20 tetrahydrocannabinols shall each be deemed to be a
21 drug or other substance that does not meet the re-
22 quirements for inclusion in any schedule. A rule-
23 making under this paragraph shall be considered to
24 have taken effect as of the date of enactment of this
25 Act for purposes of any offense committed, case
26 pending, conviction entered, and, in the case of a ju-

1 venile, any offense committed, case pending, and ad-
2 judication of juvenile delinquency entered before, on,
3 or after the date of enactment of this Act.

4 (b) CONFORMING AMENDMENTS TO CONTROLLED
5 SUBSTANCES ACT.—The Controlled Substances Act (21
6 U.S.C. 801 et seq.) is amended—

7 (1) in section 102(44) (21 U.S.C. 802(44)), by
8 striking “marihuana,”;

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

10 (A) in paragraph (1)—

11 (i) in subparagraph (A)—

12 (I) in clause (vi), by inserting
13 “or” after the semicolon;

14 (II) by striking clause (vii); and

15 (III) by redesignating clause
16 (viii) as clause (vii);

17 (ii) in subparagraph (B)—

18 (I) in clause (vi), by inserting
19 “or” after the semicolon;

20 (II) by striking clause (vii); and

21 (III) by redesignating clause
22 (viii) as clause (vii);

23 (iii) in subparagraph (C), in the first
24 sentence, by striking “subparagraphs (A),

1 (B), and (D)” and inserting “subpara-
2 graphs (A) and (B)”;

3 (iv) by striking subparagraph (D);

4 (v) by redesignating subparagraph (E)
5 as subparagraph (D); and

6 (vi) in subparagraph (D)(i), as so re-
7 designated, by striking “subparagraphs (C)
8 and (D)” and inserting “subparagraph
9 (C)”;

10 (B) by striking paragraph (4); and

11 (C) by redesignating paragraphs (5), (6),
12 and (7) as paragraphs (4), (5), and (6), respec-
13 tively;

14 (3) in section 402(c)(2)(B) (21 U.S.C.
15 842(c)(2)(B)), by striking “, marihuana,”;

16 (4) in section 403(d)(1) (21 U.S.C. 843(d)(1)),
17 by striking “, marihuana,”;

18 (5) in section 418(a) (21 U.S.C. 859(a)), by
19 striking the last sentence;

20 (6) in section 419(a) (21 U.S.C. 860(a)), by
21 striking the last sentence;

22 (7) in section 422(d) (21 U.S.C. 863(d))—

23 (A) in the matter preceding paragraph (1),
24 by striking “marijuana,”; and

1 (B) in paragraph (5), by striking “, such
2 as a marihuana cigarette,”; and

3 (8) in section 516(d) (21 U.S.C. 886(d)), by
4 striking “section 401(b)(6)” each place the term ap-
5 pears and inserting “section 401(b)(5)”.

6 (c) OTHER CONFORMING AMENDMENTS.—

7 (1) NATIONAL FOREST SYSTEM DRUG CONTROL
8 ACT OF 1986.—The National Forest System Drug
9 Control Act of 1986 (16 U.S.C. 559b et seq.) is
10 amended—

11 (A) in section 15002(a) (16 U.S.C.
12 559b(a)) by striking “marijuana and other”;

13 (B) in section 15003(2) (16 U.S.C.
14 559c(2)) by striking “marijuana and other”;
15 and

16 (C) in section 15004(2) (16 U.S.C.
17 559d(2)) by striking “marijuana and other”.

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

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

23 (B) in subsection (2) by striking “mari-
24 huana”.

25 (3) FMCSA PROVISIONS.—

1 (A) CONFORMING AMENDMENT.—Section
2 31301(5) of title 49, United States Code, is
3 amended by striking “section 31306,” and in-
4 serting “sections 31306, 31306a, and sub-
5 sections (b) and (c) of section 31310.”.

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

8 (i) by striking “means any substance”
9 and inserting the following: “means—
10 “(A) any substance”; and

11 (ii) by striking the period at the end
12 and inserting “; and

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

17 (C) DISQUALIFICATIONS.—Section
18 31310(b) of title 49, United States Code, is
19 amended by adding at the end the following:

20 “(3) In this subsection and subsection (c), the
21 term ‘controlled substance’ has the meaning given
22 such term in section 31306(a).”.

23 (4) FAA PROVISIONS.—Section 45101 of title
24 49, United States Code, is amended—

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

3 “(A) any substance”; and

4 (B) by striking the period at the end and
5 inserting “; and

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

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

14 “(A) any substance”; and

15 (B) by striking the period at the end and
16 inserting “; and

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

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

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

25 “(A) any substance”; and

1 (B) by striking the period at the end and
2 inserting “; and

3 “(B) any substance not covered under sub-
4 paragraph (A) that was a substance under such
5 section as of December 1, 2018, and whose use
6 the Secretary of Transportation decides has a
7 risk to transportation safety.”.

8 (d) RETROACTIVITY.—The amendments made by this
9 section to the Controlled Substances Act (21 U.S.C. 801
10 et seq.) are retroactive and shall apply to any offense com-
11 mitted, case pending, conviction entered, and, in the case
12 of a juvenile, any offense committed, case pending, or ad-
13 judication of juvenile delinquency entered before, on, or
14 after the date of enactment of this Act.

15 (e) EFFECT ON OTHER LAW.—Nothing in this sub-
16 title shall affect or modify—

17 (1) the Federal Food, Drug, and Cosmetic Act
18 (21 U.S.C. 301 et seq.);

19 (2) section 351 of the Public Health Service
20 Act (42 U.S.C. 262); or

21 (3) the authority of the Commissioner of Food
22 and Drugs and the Secretary of Health and Human
23 Services—

24 (A) under—

1 (i) the Federal Food, Drug, and Cos-
2 metic Act (21 U.S. 301 et seq.); or

3 (ii) section 351 of the Public Health
4 Service Act (42 U.S.C. 262); or

5 (B) to promulgate Federal regulations and
6 guidelines that relate to products containing
7 cannabis or cannabis-derived compounds under
8 the Act described in subparagraph (A)(i) or the
9 section described in subparagraph (A)(ii).

10 (f) PUBLIC MEETINGS.—Not later than one year
11 after the date of enactment of this Act, the Secretary of
12 Health and Human Services, acting through the Commis-
13 sioner of Food and Drugs, shall hold not less than one
14 public meeting to address the regulation, safety, manufac-
15 turing, product quality, marketing, labeling, and sale of
16 products containing cannabis or cannabis-derived com-
17 pounds.

18 (g) SPECIAL RULE FOR FEDERAL EMPLOYEE TEST-
19 ING.—Section 503 of the Supplemental Appropriations
20 Act, 1987 (5 U.S.C. 7301 note) is amended by adding at
21 the end the following:

22 “(h) MARIJUANA.—

23 “(1) CONTINUED TESTING.—Notwithstanding
24 the Marijuana Opportunity Reinvestment and
25 Expungement Act and the amendments made there-

1 by, the Secretary of Health and Human Services
2 may continue to include marijuana for purposes of
3 drug testing of Federal employees subject to this
4 section, Executive Order 12564, or other applicable
5 Federal laws and orders.

6 “(2) DEFINITION.—The term ‘marijuana’ has
7 the meaning given to the term ‘marihuana’ in sec-
8 tion 102 of the Controlled Substances Act (21 6
9 U.S.C. 802) on the day before the date of enactment
10 of the Marijuana Opportunity Reinvestment and
11 Expungement Act.”.

12 (h) SPECIAL RULE FOR CERTAIN REGULATIONS.—

13 (1) IN GENERAL.—The amendments made by
14 this section may not be construed to abridge the au-
15 thority of the Secretary of Transportation, or the
16 Secretary of the department in which the Coast
17 Guard is operating, to regulate and screen for the
18 use of a controlled substance.

19 (2) CONTROLLED SUBSTANCE DEFINED.—In
20 this subsection, the term “controlled substance”
21 means—

22 (A) any substance covered under section
23 102 of the Controlled Substances Act (21
24 U.S.C. 802) on the day before the date of en-
25 actment of this Act; and

1 (B) any substance not covered under sub-
2 paragraph (A) that was a substance covered
3 under section 102 of the Controlled Substances
4 Act (21 U.S.C. 802) on December 1, 2018, and
5 specified by the Secretary of Transportation.

6 **SEC. 4. DEMOGRAPHIC DATA OF CANNABIS BUSINESS OWN-**
7 **ERS AND EMPLOYEES.**

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

11 (1) individuals who are business owners in the
12 cannabis industry; and

13 (2) individuals who are employed in the can-
14 nabis industry.

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

17 (1) age;

18 (2) certifications and licenses;

19 (3) disability status;

20 (4) educational attainment;

21 (5) family and marital status;

22 (6) nativity;

23 (7) race and Hispanic ethnicity;

24 (8) school enrollment;

25 (9) veteran status; and

1 (10) sex.

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

6 (d) DEFINITIONS.—In this section:

7 (1) CANNABIS.—The term “cannabis” means
8 either marijuana or cannabis as defined under the
9 State law authorizing the sale or use of cannabis in
10 which the individual or entity is located.

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

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

19 **SEC. 5. CREATION OF OPPORTUNITY TRUST FUND AND IM-**
20 **POSITION OF TAXES WITH RESPECT TO CAN-**
21 **NABIS PRODUCTS.**

22 (a) ESTABLISHMENT OF TRUST FUND.—Subchapter
23 A of chapter 98 of the Internal Revenue Code of 1986
24 is amended by adding at the end the following new section:

1 **“SEC. 9512. OPPORTUNITY TRUST FUND.**

2 “(a) CREATION OF TRUST FUND.—There is estab-
3 lished in the Treasury of the United States a trust fund
4 to be known as the ‘Opportunity Trust Fund’ (referred
5 to in this section as the ‘Trust Fund’), consisting of such
6 amounts as may be appropriated or credited to such fund
7 as provided in this section or section 9602(b).

8 “(b) TRANSFERS TO TRUST FUND.—There are here-
9 by appropriated to the Trust Fund amounts equivalent to
10 the net revenues received in the Treasury from the taxes
11 imposed under chapter 56.

12 “(c) EXPENDITURES.—Amounts in the Trust Fund
13 shall be available, without further appropriation, only as
14 follows:

15 “(1) 50 percent to the Attorney General to
16 carry out section 3052(a) of part OO of the Omni-
17 bus Crime Control and Safe Streets Act of 1968.

18 “(2) 10 percent to the Attorney General to
19 carry out section 3052(b) of part OO of the Omni-
20 bus Crime Control and Safe Streets Act of 1968.

21 “(3) 20 percent to the Administrator of the
22 Small Business Administration to carry out section
23 6(b)(1) of the Marijuana Opportunity Reinvestment
24 and Expungement Act.

25 “(4) 20 percent to the Administrator of the
26 Small Business Administration to carry out section

1 6(b)(2) of the Marijuana Opportunity Reinvestment
2 and Expungement Act.”.

3 (b) CANNABIS REVENUE AND REGULATION ACT.—
4 Subtitle E of the Internal Revenue Code of 1986 is
5 amended by adding at the end the following new chapter:

6 **“CHAPTER 56—CANNABIS PRODUCTS**

“SUBCHAPTER A. TAX ON CANNABIS PRODUCTS

“SUBCHAPTER B. OCCUPATIONAL TAX

“SUBCHAPTER C. BOND AND PERMITS

“SUBCHAPTER D. OPERATIONS

“SUBCHAPTER E. PENALTIES

7 **“Subchapter A—Tax on Cannabis Products**

“Sec. 5901. Imposition of tax.

“Sec. 5902. Definitions.

“Sec. 5903. Liability and method of payment.

“Sec. 5904. Exemption from tax; transfers in bond.

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

8 **“SEC. 5901. IMPOSITION OF TAX.**

9 “(a) IMPOSITION OF TAX.—There is hereby imposed
10 on any cannabis product produced in or imported into the
11 United States a tax equal to—

12 “(1) for any such product removed during the
13 first 5 calendar years ending after the date on which
14 this chapter becomes effective, the applicable per-
15 centage of such product’s removal price, and

16 “(2) for any product removed during any cal-
17 endar year after the calendar years described in
18 paragraph (1), the applicable equivalent amount.

1 “(b) APPLICABLE PERCENTAGE.—For purposes of
2 subsection (a)(1), the applicable percentage shall be deter-
3 mined as follows:

4 “(1) For any cannabis product removed during
5 the first 2 calendar years ending after the date on
6 which this chapter becomes effective, 5 percent.

7 “(2) For any cannabis product removed during
8 the calendar year after the last calendar year to
9 which paragraph (1) applies, 6 percent.

10 “(3) For any cannabis product removed during
11 the calendar year after the calendar year to which
12 paragraph (2) applies, 7 percent.

13 “(4) For any cannabis product removed during
14 the calendar year after the calendar year to which
15 paragraph (3) applies, 8 percent.

16 “(c) APPLICABLE EQUIVALENT AMOUNT.—

17 “(1) IN GENERAL.—For purposes of subsection
18 (a)(2), the term ‘applicable equivalent amount’
19 means, with respect to any cannabis product re-
20 moved during any calendar year, an amount equal
21 to—

22 “(A) in the case of any cannabis product
23 not described in subparagraph (B), the product
24 of the applicable rate per ounce multiplied by
25 the number of ounces of such product (and a

1 proportionate tax at the like rate on all frac-
2 tional parts of an ounce of such product), and

3 “(B) in the case of any THC-measurable
4 cannabis product, the product of the applicable
5 rate per gram multiplied by the number of
6 grams of tetrahydrocannabinol in such product
7 (and a proportionate tax at the like rate on all
8 fractional parts of a gram of
9 tetrahydrocannabinol in such product).

10 “(2) APPLICABLE RATES.—

11 “(A) IN GENERAL.—For purposes of para-
12 graph (1)(A), the term ‘applicable rate per
13 ounce’ means, with respect to any cannabis
14 product removed during any calendar year, 8
15 percent of the prevailing sales price of cannabis
16 flowers sold in the United States during the 12-
17 month period ending one calendar quarter be-
18 fore such calendar year, expressed on a per
19 ounce basis, as determined by the Secretary.

20 “(B) THC-MEASURABLE CANNABIS PROD-
21 UCTS.—For purposes of paragraph (1)(B), the
22 term ‘applicable rate per gram’ means, with re-
23 spect to any cannabis product removed during
24 any calendar year, 8 percent of the prevailing
25 sales price of tetrahydrocannabinol sold in the

1 United States during the 12-month period end-
2 ing one calendar quarter before such calendar
3 year, expressed on a per gram basis, as deter-
4 mined by the Secretary.

5 “(d) TIME OF ATTACHMENT ON CANNABIS PROD-
6 UCTS.—The tax under this section shall attach to any can-
7 nabis product as soon as such product is in existence as
8 such, whether it be subsequently separated or transferred
9 into any other substance, either in the process of original
10 production or by any subsequent process.

11 **“SEC. 5902. DEFINITIONS.**

12 “(a) DEFINITIONS RELATED TO CANNABIS PROD-
13 UCTS.—For purposes of this chapter—

14 “(1) CANNABIS PRODUCT.—

15 “(A) IN GENERAL.—Except as provided in
16 subparagraph (B), the term ‘cannabis product’
17 means any article which contains (or consists
18 of) cannabis.

19 “(B) EXCEPTIONS.—The term ‘cannabis
20 product’ shall not include an FDA-approved ar-
21 ticle or industrial hemp.

22 “(C) FDA-APPROVED ARTICLE.—The term
23 ‘FDA-approved article’ means any article if the
24 producer or importer thereof demonstrates to

1 the satisfaction of the Secretary of Health and
2 Human Services that such article is—

3 “(i) a drug—

4 “(I) that is approved under sec-
5 tion 505 of the Federal Food, Drug,
6 and Cosmetic Act or licensed under
7 section 351 of the Public Health Serv-
8 ice Act, or

9 “(II) for which an investigational
10 use exemption has been authorized
11 under section 505(i) of the Federal
12 Food, Drug, and Cosmetic Act or
13 under section 351(a) of the Public
14 Health Service Act, or

15 “(ii) a combination product (as de-
16 scribed in section 503(g) of the Federal
17 Food, Drug, and Cosmetic Act), the con-
18 stituent parts of which were approved or
19 cleared under section 505, 510(k), or 515
20 of such Act.

21 “(D) INDUSTRIAL HEMP.—The term ‘in-
22 dustrial hemp’ means the plant *Cannabis sativa*
23 L. and any part of such plant, whether growing
24 or not, with a delta-9 tetrahydrocannabinol con-

1 centration of not more than 0.3 percent on a
2 dry weight basis.

3 “(2) THC-MEASURABLE CANNABIS PRODUCT.—

4 The term ‘THC-measurable cannabis product’
5 means any cannabis product—

6 “(A) with respect to which the Secretary
7 has made a determination that the amount of
8 tetrahydrocannabinol in such product can be
9 measured with a high degree of accuracy, or

10 “(B) which is not cannabis flower and the
11 concentration of tetrahydrocannabinol in which
12 is significantly higher than the average such
13 concentration in cannabis flower.

14 “(3) CANNABIS.—The term ‘cannabis’ has the
15 meaning given such term under section 102(16) of
16 the Controlled Substances Act (21 U.S.C. 802(16)).

17 “(b) DEFINITIONS RELATED TO CANNABIS ENTER-
18 PRISES.—For purposes of this chapter—

19 “(1) CANNABIS ENTERPRISE.—The term ‘can-
20 nabis enterprise’ means a producer, importer, or ex-
21 port warehouse proprietor.

22 “(2) PRODUCER.—

23 “(A) IN GENERAL.—The term ‘producer’
24 means any person who plants, cultivates, har-
25 vests, grows, manufactures, produces, com-

1 pounds, converts, processes, prepares, or pack-
2 ages any cannabis product.

3 “(B) PERSONAL USE EXCEPTION.—Subject
4 to regulation prescribed by the Secretary, the
5 term ‘producer’ shall not include any individual
6 otherwise described in subparagraph (A) if the
7 only cannabis product described in such sub-
8 paragraph with respect to such individual is for
9 personal or family use and not for sale.

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

12 “(A) is in the United States and to whom
13 non-tax-paid cannabis products, produced in a
14 foreign country or a possession of the United
15 States, are shipped or consigned,

16 “(B) removes cannabis products for sale or
17 consumption in the United States from a cus-
18 toms bonded warehouse, or

19 “(C) smuggles or otherwise unlawfully
20 brings any cannabis product into the United
21 States.

22 “(4) EXPORT WAREHOUSE PROPRIETOR.—

23 “(A) IN GENERAL.—The term ‘export
24 warehouse proprietor’ means any person who
25 operates an export warehouse.

1 “(B) EXPORT WAREHOUSE.—The term
2 ‘export warehouse’ means a bonded internal
3 revenue warehouse for the storage of cannabis
4 products, upon which the internal revenue tax
5 has not been paid—

6 “(i) for subsequent shipment to a for-
7 eign country or a possession of the United
8 States, or

9 “(ii) for consumption beyond the ju-
10 risdiction of the internal revenue laws of
11 the United States.

12 “(5) CANNABIS PRODUCTION FACILITY.—The
13 term ‘cannabis production facility’ means an estab-
14 lishment which is qualified under subchapter C to
15 perform any operation for which such qualification is
16 required under such subchapter.

17 “(c) OTHER DEFINITIONS.—For purposes of this
18 chapter—

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

21 “(2) REMOVAL; REMOVE.—The terms ‘removal’
22 or ‘remove’ means—

23 “(A) the transfer of cannabis products
24 from the premises of a producer (or the trans-
25 fer of such products from the bonded premises

1 of a producer to a non-bonded premises of such
2 producer),

3 “(B) release of such products from cus-
4 toms custody, or

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

7 “(3) REMOVAL PRICE.—The term ‘removal
8 price’ means—

9 “(A) except as otherwise provided in this
10 paragraph, the price for which the cannabis
11 product is sold in the sale which occurs in con-
12 nection with the removal of such product,

13 “(B) in the case of any such sale which is
14 described in section 5903(e), the price deter-
15 mined under such section, and

16 “(C) if there is no sale which occurs in
17 connection with such removal, the price which
18 would be determined under section 5903(e) if
19 such product were sold at a price which cannot
20 be determined.

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

22 “(a) LIABILITY FOR TAX.—

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

1 “(2) TRANSFER OF LIABILITY.—

2 “(A) IN GENERAL.—When cannabis prod-
3 ucts are transferred, without payment of tax,
4 pursuant to subsection (b) or (c) of section
5 5904—

6 “(i) except as provided in clause (ii),
7 the transferee shall become liable for the
8 tax upon receipt by the transferee of such
9 articles, and the transferor shall thereupon
10 be relieved of their liability for such tax,
11 and

12 “(ii) in the case of cannabis products
13 which are released in bond from customs
14 custody for transfer to the bonded prem-
15 ises of a producer, the transferee shall be-
16 come liable for the tax on such articles
17 upon release from customs custody, and
18 the importer shall thereupon be relieved of
19 their liability for such tax.

20 “(B) RETURNED TO BOND.—All provisions
21 of this chapter applicable to cannabis products
22 in bond shall be applicable to such articles re-
23 turned to bond upon withdrawal from the mar-
24 ket or returned to bond after previous removal
25 for a tax-exempt purpose.

1 “(b) METHOD OF PAYMENT OF TAX.—

2 “(1) IN GENERAL.—

3 “(A) TAXES PAID ON BASIS OF RETURN.—

4 The taxes imposed by section 5901 shall be
5 paid on the basis of return. The Secretary shall,
6 by regulations, prescribe the period or the event
7 to be covered by such return and the informa-
8 tion to be furnished on such return.

9 “(B) APPLICATION TO TRANSFEREES.—In
10 the case of any transfer to which subsection
11 (a)(2)(A) applies, the tax under section 5901 on
12 the transferee shall (if not otherwise relieved by
13 reason of a subsequent transfer to which such
14 subsection applies) be imposed with respect to
15 the removal of the cannabis product from the
16 bonded premises of the transferee.

17 “(C) POSTPONEMENT.—Any postponement
18 under this subsection of the payment of taxes
19 determined at the time of removal shall be con-
20 ditioned upon the filing of such additional
21 bonds, and upon compliance with such require-
22 ments, as the Secretary may prescribe for the
23 protection of the revenue. The Secretary may,
24 by regulations, require payment of tax on the
25 basis of a return prior to removal of the can-

1 nabis products where a person defaults in the
2 postponed payment of tax on the basis of a re-
3 turn under this subsection or regulations pre-
4 scribed thereunder.

5 “(D) ADMINISTRATION AND PENALTIES.—
6 All administrative and penalty provisions of this
7 title, insofar as applicable, shall apply to any
8 tax imposed by section 5901.

9 “(2) TIME FOR PAYMENT OF TAXES.—

10 “(A) IN GENERAL.—Except as otherwise
11 provided in this paragraph, in the case of taxes
12 on cannabis products removed during any semi-
13 monthly period under bond for deferred pay-
14 ment of tax, the last day for payment of such
15 taxes shall be the 14th day after the last day
16 of such semimonthly period.

17 “(B) IMPORTED ARTICLES.—In the case of
18 cannabis products which are imported into the
19 United States, the following provisions shall
20 apply:

21 “(i) IN GENERAL.—The last day for
22 payment of tax shall be the 14th day after
23 the last day of the semimonthly period
24 during which the article is entered into the
25 customs territory of the United States.

1 “(ii) SPECIAL RULE FOR ENTRY OF
2 WAREHOUSING.—Except as provided in
3 clause (iv), in the case of an entry for
4 warehousing, the last day for payment of
5 tax shall not be later than the 14th day
6 after the last day of the semimonthly pe-
7 riod during which the article is removed
8 from the first such warehouse.

9 “(iii) FOREIGN TRADE ZONES.—Ex-
10 cept as provided in clause (iv) and in regu-
11 lations prescribed by the Secretary, articles
12 brought into a foreign trade zone shall,
13 notwithstanding any other provision of law,
14 be treated for purposes of this subsection
15 as if such zone were a single customs
16 warehouse.

17 “(iv) EXCEPTION FOR ARTICLES DES-
18 TINED FOR EXPORT.—Clauses (ii) and (iii)
19 shall not apply to any article which is
20 shown to the satisfaction of the Secretary
21 to be destined for export.

22 “(C) CANNABIS PRODUCTS BROUGHT INTO
23 THE UNITED STATES FROM PUERTO RICO.—In
24 the case of cannabis products which are
25 brought into the United States from Puerto

1 Rico and subject to tax under section 7652, the
2 last day for payment of tax shall be the 14th
3 day after the last day of the semimonthly pe-
4 riod during which the article is brought into the
5 United States.

6 “(D) SPECIAL RULE WHERE DUE DATE
7 FALLS ON SATURDAY, SUNDAY, OR HOLIDAY.—
8 Notwithstanding section 7503, if, but for this
9 subparagraph, the due date under this para-
10 graph would fall on a Saturday, Sunday, or a
11 legal holiday (as defined in section 7503), such
12 due date shall be the immediately preceding day
13 which is not a Saturday, Sunday, or such a hol-
14 iday.

15 “(E) SPECIAL RULE FOR UNLAWFULLY
16 PRODUCED CANNABIS PRODUCTS.—In the case
17 of any cannabis products produced in the
18 United States at any place other than the
19 premises of a producer that has filed the bond
20 and obtained the permit required under this
21 chapter, tax shall be due and payable imme-
22 diately upon production.

23 “(3) PAYMENT BY ELECTRONIC FUND TRANS-
24 FER.—Any person who in any 12-month period, end-
25 ing December 31, was liable for a gross amount

1 equal to or exceeding \$5,000,000 in taxes imposed
2 on cannabis products by section 5901 (or section
3 7652) shall pay such taxes during the succeeding
4 calendar year by electronic fund transfer (as defined
5 in section 5061(e)(2)) to a Federal Reserve Bank.
6 Rules similar to the rules of section 5061(e)(3) shall
7 apply to the \$5,000,000 amount specified in the pre-
8 ceding sentence.

9 “(c) DETERMINATION OF PRICE.—

10 “(1) CONSTRUCTIVE SALE PRICE.—

11 “(A) IN GENERAL.—If an article is sold di-
12 rectly to consumers, sold on consignment, or
13 sold (otherwise than through an arm’s length
14 transaction) at less than the fair market price,
15 or if the price for which the article sold cannot
16 be determined, the tax under section 5901(a)
17 shall be computed on the price for which such
18 articles are sold, in the ordinary course of
19 trade, by producers thereof, as determined by
20 the Secretary.

21 “(B) ARM’S LENGTH.—

22 “(i) IN GENERAL.—For purposes of
23 this section, a sale is considered to be
24 made under circumstances otherwise than
25 at arm’s length if—

1 “(I) the parties are members of
2 the same controlled group, whether or
3 not such control is actually exercised
4 to influence the sale price,

5 “(II) the parties are members of
6 a family, as defined in section
7 267(c)(4), or

8 “(III) the sale is made pursuant
9 to special arrangements between a
10 producer and a purchaser.

11 “(ii) CONTROLLED GROUPS.—

12 “(I) IN GENERAL.—The term
13 ‘controlled group’ has the meaning
14 given to such term by subsection (a)
15 of section 1563, except that ‘more
16 than 50 percent’ shall be substituted
17 for ‘at least 80 percent’ each place it
18 appears in such subsection.

19 “(II) CONTROLLED GROUPS
20 WHICH INCLUDE NONINCORPORATED
21 PERSONS.—Under regulations pre-
22 scribed by the Secretary, principles
23 similar to the principles of subclause
24 (I) shall apply to a group of persons
25 under common control where one or

1 more of such persons is not a corpora-
2 tion.

3 “(2) CONTAINERS, PACKING AND TRANSPOR-
4 TATION CHARGES.—In determining, for the purposes
5 of this chapter, the price for which an article is sold,
6 there shall be included any charge for coverings and
7 containers of whatever nature, and any charge inci-
8 dent to placing the article in condition packed ready
9 for shipment, but there shall be excluded the amount
10 of tax imposed by this chapter, whether or not stat-
11 ed as a separate charge. A transportation, delivery,
12 insurance, installation, or other charge (not required
13 by the preceding sentence to be included) shall be
14 excluded from the price only if the amount thereof
15 is established to the satisfaction of the Secretary in
16 accordance with regulations.

17 “(3) DETERMINATION OF APPLICABLE EQUIVA-
18 LENT AMOUNTS.—Paragraphs (1) and (2) shall
19 apply for purposes of section 5901(c) only to the ex-
20 tent that the Secretary determines appropriate.

21 “(d) PARTIAL PAYMENTS AND INSTALLMENT AC-
22 COUNTS.—

23 “(1) PARTIAL PAYMENTS.—In the case of—

24 “(A) a contract for the sale of an article
25 wherein it is provided that the price shall be

1 paid by installments and title to the article sold
2 does not pass until a future date notwith-
3 standing partial payment by installments,

4 “(B) a conditional sale, or

5 “(C) a chattel mortgage arrangement
6 wherein it is provided that the sales price shall
7 be paid in installments,

8 there shall be paid upon each payment with respect
9 to the article a percentage of such payment equal to
10 the rate of tax in effect on the date such payment
11 is due.

12 “(2) SALES OF INSTALLMENT ACCOUNTS.—If
13 installment accounts, with respect to payments on
14 which tax is being computed as provided in para-
15 graph (1), are sold or otherwise disposed of, then
16 paragraph (1) shall not apply with respect to any
17 subsequent payments on such accounts (other than
18 subsequent payments on returned accounts with re-
19 spect to which credit or refund is allowable by rea-
20 son of section 6416(b)(5)), but instead—

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

23 “(i) the tax previously paid on the
24 payments on such installment accounts,
25 and

1 “(ii) the total tax which would be pay-
2 able if such installment accounts had not
3 been sold or otherwise disposed of (com-
4 puted as provided in paragraph (1)), ex-
5 cept that

6 “(B) if any such sale is pursuant to the
7 order of, or subject to the approval of, a court
8 of competent jurisdiction in a bankruptcy or in-
9 solvency proceeding, the amount computed
10 under subparagraph (A) shall not exceed the
11 sum of the amounts computed by multiplying—

12 “(i) the proportionate share of the
13 amount for which such accounts are sold
14 which is allocable to each unpaid install-
15 ment payment, by

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

19 The sum of the amounts payable under this
20 subsection in respect of the sale of any article
21 shall not exceed the total tax.

22 **“SEC. 5904. EXEMPTION FROM TAX; TRANSFERS IN BOND.**

23 “(a) EXEMPTION FROM TAX.—Cannabis products on
24 which the internal revenue tax has not been paid or deter-
25 mined may, subject to such regulations as the Secretary

1 shall prescribe, be withdrawn from the bonded premises
2 of any producer in approved containers free of tax and
3 not for resale for use—

4 “(1) exclusively in scientific research by a lab-
5 oratory,

6 “(2) by a proprietor of a cannabis production
7 facility in research, development, or testing (other
8 than consumer testing or other market analysis) of
9 processes, systems, materials, or equipment, relating
10 to cannabis or cannabis operations, under such limi-
11 tations and conditions as to quantities, use, and ac-
12 countability as the Secretary may by regulations re-
13 quire for the protection of the revenue, or

14 “(3) by the United States or any governmental
15 agency thereof, any State, any political subdivision
16 of a State, or the District of Columbia, for non-
17 consumption purposes.

18 “(b) CANNABIS PRODUCTS TRANSFERRED OR RE-
19 MOVED IN BOND FROM DOMESTIC FACTORIES AND EX-
20 PORT WAREHOUSES.—

21 “(1) IN GENERAL.—Subject to such regulations
22 and under such bonds as the Secretary shall pre-
23 scribe, a producer or export warehouse proprietor
24 may transfer cannabis products, without payment of
25 tax, to the bonded premises of another producer or

1 export warehouse proprietor, or remove such articles,
2 without payment of tax, for shipment to a foreign
3 country or a possession of the United States, or for
4 consumption beyond the jurisdiction of the internal
5 revenue laws of the United States.

6 “(2) LABELING.—Cannabis products may not
7 be transferred or removed under this subsection un-
8 less such products bear such marks, labels, or no-
9 tices as the Secretary shall by regulations prescribe.

10 “(c) CANNABIS PRODUCTS RELEASED IN BOND
11 FROM CUSTOMS CUSTODY.—Cannabis products imported
12 or brought into the United States may be released from
13 customs custody, without payment of tax, for delivery to
14 a producer or export warehouse proprietor if such articles
15 are not put up in packages, in accordance with such regu-
16 lations and under such bond as the Secretary shall pre-
17 scribe.

18 “(d) CANNABIS PRODUCTS EXPORTED AND RE-
19 TURNED.—Cannabis products classifiable under item
20 9801.00.10 of the Harmonized Tariff Schedule of the
21 United States (relating to duty on certain articles pre-
22 viously exported and returned), as in effect on the date
23 of the enactment of the Marijuana Opportunity Reinvest-
24 ment and Expungement Act, may be released from cus-
25 toms custody, without payment of that part of the duty

1 attributable to the internal revenue tax for delivery to the
2 original producer of such cannabis products or to the ex-
3 port warehouse proprietor authorized by such producer to
4 receive such products, in accordance with such regulations
5 and under such bond as the Secretary shall prescribe.
6 Upon such release such products shall be subject to this
7 chapter as if they had not been exported or otherwise re-
8 moved from internal revenue bond.

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

10 “(a) CREDIT OR REFUND.—

11 “(1) IN GENERAL.—Credit or refund of any tax
12 imposed by this chapter or section 7652 shall be al-
13 lowed or made (without interest) to the cannabis en-
14 terprise on proof satisfactory to the Secretary that
15 the claimant cannabis enterprise has paid the tax
16 on—

17 “(A) cannabis products withdrawn from
18 the market by the claimant, or

19 “(B) such products lost (otherwise than by
20 theft) or destroyed, by fire, casualty, or act of
21 God, while in the possession or ownership of the
22 claimant.

23 “(2) CANNABIS PRODUCTS LOST OR DE-
24 STROYED IN BOND.—

1 “(A) EXTENT OF LOSS ALLOWANCE.—No
2 tax shall be collected in respect of cannabis
3 products lost or destroyed while in bond, except
4 that such tax shall be collected—

5 “(i) in the case of loss by theft, unless
6 the Secretary finds that the theft occurred
7 without connivance, collusion, fraud, or
8 negligence on the part of the proprietor of
9 the cannabis production facility, owner,
10 consignor, consignee, bailee, or carrier, or
11 their employees or agents,

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

15 “(iii) in the case of an unexplained
16 shortage of cannabis products.

17 “(B) PROOF OF LOSS.—In any case in
18 which cannabis products are lost or destroyed,
19 whether by theft or otherwise, the Secretary
20 may require the proprietor of a cannabis pro-
21 duction facility or other person liable for the
22 tax to file a claim for relief from the tax and
23 submit proof as to the cause of such loss. In
24 every case where it appears that the loss was by
25 theft, the burden shall be upon the proprietor

1 of the cannabis production facility or other per-
2 son responsible for the tax under section 5901
3 to establish to the satisfaction of the Secretary
4 that such loss did not occur as the result of
5 connivance, collusion, fraud, or negligence on
6 the part of the proprietor of the cannabis pro-
7 duction facility, owner, consignor, consignee,
8 bailee, or carrier, or their employees or agents.

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

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

24 “(E) APPLICABILITY.—The provisions of
25 this paragraph shall extend to and apply in re-

1 spect of cannabis products lost after the tax
2 was determined and before completion of the
3 physical removal of the cannabis products from
4 the bonded premises.

5 “(3) VOLUNTARY DESTRUCTION.—The propri-
6 etor of a cannabis production facility or other per-
7 sons liable for the tax imposed by this chapter or by
8 section 7652 with respect to any cannabis product in
9 bond may voluntarily destroy such products, but
10 only if such destruction is under such supervision
11 and under such regulations as the Secretary may
12 prescribe.

13 “(4) LIMITATION.—Any claim for credit or re-
14 fund of tax under this subsection shall be filed with-
15 in 6 months after the date of the withdrawal from
16 the market, loss, or destruction of the products to
17 which the claim relates, and shall be in such form
18 and contain such information as the Secretary shall
19 by regulations prescribe.

20 “(b) DRAWBACK OF TAX.—There shall be an allow-
21 ance of drawback of tax paid on cannabis products, when
22 shipped from the United States, in accordance with such
23 regulations and upon the filing of such bond as the Sec-
24 retary shall prescribe.

1 **“Subchapter B—Occupational Tax**

“Sec. 5911. Imposition and rate of tax.

“Sec. 5912. Payment of tax.

“Sec. 5913. Provisions relating to liability for occupational taxes.

“Sec. 5914. Application to State laws.

2 **“SEC. 5911. IMPOSITION AND RATE OF TAX.**

3 “(a) IN GENERAL.—Any person engaged in business
4 as a producer or an export warehouse proprietor shall pay
5 a tax of \$1,000 per year (referred to in this subchapter
6 as an ‘occupational tax’) in respect of each premises at
7 which such business is carried on.

8 “(b) PENALTY FOR FAILURE TO REGISTER.—Any
9 person engaged in business as a producer or an export
10 warehouse proprietor who willfully fails to pay the occupa-
11 tion tax shall be fined not more than \$5,000, or impris-
12 oned not more than 2 years, or both, for each such offense.

13 **“SEC. 5912. PAYMENT OF TAX.**

14 “(a) CONDITION PRECEDENT TO CARRYING ON
15 BUSINESS.—No person shall be engaged in or carry on
16 any trade or business subject to the occupational tax until
17 such person has paid such tax.

18 “(b) COMPUTATION.—

19 “(1) IN GENERAL.—The occupational tax shall
20 be imposed—

21 “(A) as of on the first day of July in each
22 year, or

1 “(B) on commencing any trade or business
2 on which such tax is imposed.

3 “(2) PERIOD.—In the case of a tax imposed
4 under subparagraph (A) of paragraph (1), the occu-
5 pational tax shall be reckoned for 1 year, and in the
6 case of subparagraph (B) of such paragraph, it shall
7 be reckoned proportionately, from the first day of
8 the month in which the liability to such tax com-
9 menced, to and including the 30th day of June fol-
10 lowing.

11 “(c) METHOD OF PAYMENT.—

12 “(1) PAYMENT BY RETURN.—The occupational
13 tax shall be paid on the basis of a return under such
14 regulations as the Secretary shall prescribe.

15 “(2) STAMP DENOTING PAYMENT OF TAX.—
16 After receiving a properly executed return and re-
17 mittance of any occupational tax, the Secretary shall
18 issue to the taxpayer an appropriate stamp as a re-
19 ceipt denoting payment of the tax. This paragraph
20 shall not apply in the case of a return covering li-
21 ability for a past period.

1 **“SEC. 5913. PROVISIONS RELATING TO LIABILITY FOR OC-**
2 **CUPATIONAL TAXES.**

3 “(a) PARTNERS.—Any number of persons doing busi-
4 ness in partnership at any one place shall be required to
5 pay a single occupational tax.

6 “(b) DIFFERENT BUSINESSES OF SAME OWNERSHIP
7 AND LOCATION.—Whenever more than one of the pursuits
8 or occupations described in this subchapter are carried on
9 in the same place by the same person at the same time,
10 except as otherwise provided in this subchapter, the occu-
11 pational tax shall be paid for each according to the rates
12 severally prescribed.

13 “(c) BUSINESSES IN MORE THAN ONE LOCATION.—
14 “(1) LIABILITY FOR TAX.—The payment of the
15 occupational tax shall not exempt from an additional
16 occupational tax the person carrying on a trade or
17 business in any other place than that stated in the
18 records of the Internal Revenue Service.

19 “(2) STORAGE.—Nothing contained in para-
20 graph (1) shall require imposition of an occupational
21 tax for the storage of cannabis products at a loca-
22 tion other than the place where such products are
23 sold or offered for sale.

24 “(3) PLACE.—

25 “(A) IN GENERAL.—For purposes of this
26 section, the term ‘place’ means the entire office,

1 plant or area of the business in any one loca-
2 tion under the same proprietorship.

3 “(B) DIVISIONS.—For purposes of this
4 paragraph, any passageways, streets, highways,
5 rail crossings, waterways, or partitions dividing
6 the premises shall not be deemed sufficient sep-
7 aration to require an additional occupational
8 tax, if the various divisions are otherwise con-
9 tiguous.

10 “(d) DEATH OR CHANGE OF LOCATION.—

11 “(1) IN GENERAL.—In addition to the person
12 who has paid the occupational tax for the carrying
13 on of any business at any place, any person de-
14 scribed in paragraph (2) may secure the right to
15 carry on, without incurring any additional occupa-
16 tional tax, the same business at the same place for
17 the remainder of the taxable period for which the oc-
18 cupational tax was paid.

19 “(2) ELIGIBLE PERSONS.—The persons de-
20 scribed in this paragraph are the following:

21 “(A) The surviving spouse or child, or ex-
22 ecutor or administrator or other legal represent-
23 ative, of a deceased taxpayer.

24 “(B) A husband or wife succeeding to the
25 business of his or her living spouse.

1 “(C) A receiver or trustee in bankruptcy,
2 or an assignee for benefit of creditors.

3 “(D) The partner or partners remaining
4 after death or withdrawal of a member of a
5 partnership.

6 “(3) CHANGE OF LOCATION.—When any person
7 moves to any place other than the place for which
8 occupational tax was paid for the carrying on of any
9 business, such person may secure the right to carry
10 on, without incurring additional occupational tax,
11 the same business at the new location for the re-
12 mainder of the taxable period for which the occupa-
13 tional tax was paid. To secure the right to carry on
14 the business without incurring additional occupa-
15 tional tax, the successor, or the person relocating
16 their business, must register the succession or relo-
17 cation with the Secretary in accordance with regula-
18 tions prescribed by the Secretary.

19 “(e) FEDERAL AGENCIES OR INSTRUMENTAL-
20 ITIES.—Any tax imposed by this subchapter shall apply
21 to any agency or instrumentality of the United States un-
22 less such agency or instrumentality is granted by statute
23 a specific exemption from such tax.

1 **“SEC. 5914. APPLICATION TO STATE LAWS.**

2 “The payment of any tax imposed by this subchapter
3 for carrying on any trade or business shall not be held
4 to—

5 “(1) exempt any person from any penalty or
6 punishment provided by the laws of any State for
7 carrying on such trade or business within such
8 State, or in any manner to authorize the commence-
9 ment or continuance of such trade or business con-
10 trary to the laws of such State or in places prohib-
11 ited by municipal law, or

12 “(2) prohibit any State from placing a duty or
13 tax on the same trade or business, for State or other
14 purposes.

15 **“Subchapter C—Bond and Permits**

“Sec. 5921. Establishment and bond.

“Sec. 5922. Application for permit.

“Sec. 5923. Permit.

16 **“SEC. 5921. ESTABLISHMENT AND BOND.**

17 “(a) PROHIBITION ON PRODUCTION OUTSIDE OF
18 BONDED CANNABIS PRODUCTION FACILITY.—

19 “(1) IN GENERAL.—Except as authorized by
20 the Secretary or on the bonded premises of a can-
21 nabis production facility duly authorized to produce
22 cannabis products according to law, no cannabis
23 product may planted, cultivated, harvested, grown,
24 manufactured, produced, compounded, converted,

1 processed, prepared, or packaged in any building or
2 on any premises.

3 “(2) AUTHORIZED PRODUCERS ONLY.—No per-
4 son other than a producer which has filed the bond
5 required under subsection (b) and received a permit
6 described in section 5923 may produce any cannabis
7 product.

8 “(3) PERSONAL USE EXCEPTION.—This sub-
9 section shall not apply with respect the activities of
10 an individual who is not treated as a producer by
11 reason of section 5902(b)(2)(B).

12 “(b) BOND.—

13 “(1) WHEN REQUIRED.—Every person, before
14 commencing business as a producer or an export
15 warehouse proprietor, shall file such bond, condi-
16 tioned upon compliance with this chapter and regu-
17 lations issued thereunder, in such form, amount, and
18 manner as the Secretary shall by regulation pre-
19 scribe. A new or additional bond may be required
20 whenever the Secretary considers such action nec-
21 essary for the protection of the revenue.

22 “(2) APPROVAL OR DISAPPROVAL.—No person
23 shall engage in such business until he receives notice
24 of approval of such bond. A bond may be dis-
25 approved, upon notice to the principal on the bond,

1 if the Secretary determines that the bond is not ade-
2 quate to protect the revenue.

3 “(3) CANCELLATION.—Any bond filed here-
4 under may be canceled, upon notice to the principal
5 on the bond, whenever the Secretary determines that
6 the bond no longer adequately protects the revenue.

7 **“SEC. 5922. APPLICATION FOR PERMIT.**

8 “(a) IN GENERAL.—Every person, before com-
9 mencing business as a cannabis enterprise, and at such
10 other time as the Secretary shall by regulation prescribe,
11 shall make application for the permit provided for in sec-
12 tion 5923. The application shall be in such form as the
13 Secretary shall prescribe and shall set forth, truthfully and
14 accurately, the information called for on the form. Such
15 application may be rejected and the permit denied if the
16 Secretary, after notice and opportunity for hearing, finds
17 that—

18 “(1) the premises on which it is proposed to
19 conduct the cannabis enterprise are not adequate to
20 protect the revenue, or

21 “(2) such person (including, in the case of a
22 corporation, any officer, director, or principal stock-
23 holder and, in the case of a partnership, a partner)
24 has failed to disclose any material information re-

1 quired or made any material false statement in the
2 application therefor.

3 **“SEC. 5923. PERMIT.**

4 “(a) ISSUANCE.—A person shall not engage in busi-
5 ness as a cannabis enterprise without a permit to engage
6 in such business. Such permit, conditioned upon compli-
7 ance with this chapter and regulations issued thereunder,
8 shall be issued in such form and in such manner as the
9 Secretary shall by regulation prescribe. A new permit may
10 be required at such other time as the Secretary shall by
11 regulation prescribe.

12 “(b) SUSPENSION OR REVOCATION.—

13 “(1) SHOW CAUSE HEARING.—If the Secretary
14 has reason to believe that any person holding a per-
15 mit—

16 “(A) has not in good faith complied with
17 this chapter, or with any other provision of this
18 title involving intent to defraud,

19 “(B) has violated the conditions of such
20 permit,

21 “(C) has failed to disclose any material in-
22 formation required or made any material false
23 statement in the application for such permit, or

24 “(D) has failed to maintain their premises
25 in such manner as to protect the revenue,

1 the Secretary shall issue an order, stating the facts
2 charged, citing such person to show cause why their
3 permit should not be suspended or revoked.

4 “(2) ACTION FOLLOWING HEARING.—If, after
5 hearing, the Secretary finds that such person has
6 not shown cause why their permit should not be sus-
7 pended or revoked, such permit shall be suspended
8 for such period as the Secretary deems proper or
9 shall be revoked.

10 “(c) INFORMATION REPORTING.—The Secretary may
11 require—

12 “(1) information reporting by any person issued
13 a permit under this section, and

14 “(2) information reporting by such other per-
15 sons as the Secretary deems necessary to carry out
16 this chapter.

17 “(d) INSPECTION OR DISCLOSURE OF INFORMA-
18 TION.—For rules relating to inspection and disclosure of
19 returns and return information, see section 6103(o).

20 “Subchapter D—Operations

“Sec. 5931. Inventories, reports, and records.

“Sec. 5932. Packaging and labeling.

“Sec. 5933. Purchase, receipt, possession, or sale of cannabis products after re-
removal.

“Sec. 5934. Restrictions relating to marks, labels, notices, and packages.

“Sec. 5935. Restriction on importation of previously exported cannabis prod-
ucts.

21 “SEC. 5931. INVENTORIES, REPORTS, AND RECORDS.

22 “Every cannabis enterprise shall—

1 “(1) make a true and accurate inventory at the
2 time of commencing business, at the time of con-
3 cluding business, and at such other times, in such
4 manner and form, and to include such items, as the
5 Secretary shall by regulation prescribe, with such in-
6 ventories to be subject to verification by any internal
7 revenue officer,

8 “(2) make reports containing such information,
9 in such form, at such times, and for such periods as
10 the Secretary shall by regulation prescribe, and

11 “(3) keep such records in such manner as the
12 Secretary shall by regulation prescribe, with such
13 records to be available for inspection by any internal
14 revenue officer during business hours.

15 **“SEC. 5932. PACKAGING AND LABELING.**

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

19 “(b) MARKS, LABELS, AND NOTICES.—Every pack-
20 age of cannabis products shall, before removal, bear the
21 marks, labels, and notices if any, that the Secretary by
22 regulation prescribes.

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 cannabis
3 products.

4 “(d) INDECENT OR IMMORAL MATERIAL PROHIB-
5 ITED.—No indecent or immoral picture, print, or rep-
6 resentation shall be contained in, attached to, or stamped,
7 marked, written, or printed on any package of cannabis
8 products.

9 “(e) EXCEPTIONS.—Subject to regulations prescribed
10 by the Secretary, cannabis products may be exempted
11 from subsections (a) and (b) if such products are—

12 “(1) for experimental purposes, or

13 “(2) transferred to the bonded premises of an-
14 other producer or export warehouse proprietor or re-
15 leased in bond from customs custody for delivery to
16 a producer.

17 **“SEC. 5933. PURCHASE, RECEIPT, POSSESSION, OR SALE OF**
18 **CANNABIS PRODUCTS AFTER REMOVAL.**

19 “(a) RESTRICTION.—No person shall—

20 “(1) with intent to defraud the United States,
21 purchase, receive, possess, offer for sale, or sell or
22 otherwise dispose of, after removal, any cannabis
23 products—

24 “(A) upon which the tax has not been paid
25 or determined in the manner and at the time

1 prescribed by this chapter or regulations there-
2 under, or

3 “(B) which, after removal without payment
4 of tax pursuant to section 5904(a), have been
5 diverted from the applicable purpose or use
6 specified in that section,

7 “(2) with intent to defraud the United States,
8 purchase, receive, possess, offer for sale, or sell or
9 otherwise dispose of, after removal, any cannabis
10 products which are not put up in packages as re-
11 quired under section 5932 or which are put up in
12 packages not bearing the marks, labels, and notices,
13 as required under such section, or

14 “(3) otherwise than with intent to defraud the
15 United States, purchase, receive, possess, offer for
16 sale, or sell or otherwise dispose of, after removal,
17 any cannabis products which are not put up in pack-
18 ages as required under section 5932 or which are
19 put up in packages not bearing the marks, labels,
20 and notices, as required under such section.

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

1 from customs custody with the partial duty ex-
2 emption provided in section 5904(d) or are re-
3 turned to the original producer of such article
4 as provided in section 5904(c), and

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

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

20 “(3) EXPORTS INCLUDE SHIPMENTS TO PUER-
21 TO RICO.—For purposes of this section, section
22 5904(d), section 5941, and such other provisions as
23 the Secretary may specify by regulations, references
24 to exportation shall be treated as including a ref-

1 erence to shipment to the Commonwealth of Puerto
2 Rico.

3 “(b) EXPORT LABEL.—For purposes of this section,
4 an article is labeled for export or contains an export label
5 if it bears the mark, label, or notice required under section
6 5904(b).

7 **“Subchapter E—Penalties**

 “Sec. 5941. Civil penalties.

 “Sec. 5942. Criminal penalties.

8 **“SEC. 5941. CIVIL PENALTIES.**

9 “(a) OMITTING THINGS REQUIRED OR DOING
10 THINGS FORBIDDEN.—Whoever willfully omits, neglects,
11 or refuses to comply with any duty imposed upon them
12 by this chapter, or to do, or cause to be done, any of the
13 things required by this chapter, or does anything prohib-
14 ited by this chapter, shall in addition to any other penalty
15 provided in this title, be liable to a penalty of \$10,000,
16 to be recovered, with costs of suit, in a civil action, except
17 where a penalty under subsection (b) or (c) or under sec-
18 tion 6651 or 6653 or part II of subchapter A of chapter
19 68 may be collected from such person by assessment.

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

1 “(c) SALE OF CANNABIS OR CANNABIS PRODUCTS
2 FOR EXPORT.—

3 “(1) Every person who sells, relands, or receives
4 within the jurisdiction of the United States any can-
5 nabis products which have been labeled or shipped
6 for exportation under this chapter,

7 “(2) every person who sells or receives such re-
8 landed cannabis products, and

9 “(3) every person who aids or abets in such
10 selling, relanding, or receiving,

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

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

1 “(e) CROSS REFERENCES.—For penalty for failure to
2 make deposits or for overstatement of deposits, see section
3 6656.

4 **“SEC. 5942. CRIMINAL PENALTIES.**

5 “(a) FRAUDULENT OFFENSES.—Whoever, with in-
6 tent to defraud the United States—

7 “(1) engages in business as a cannabis enter-
8 prise without filing the application and obtaining the
9 permit where required by this chapter or regulations
10 thereunder,

11 “(2) fails to keep or make any record, return,
12 report, or inventory, or keeps or makes any false or
13 fraudulent record, return, report, or inventory, re-
14 quired by this chapter or regulations thereunder,

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

18 “(4) sells or otherwise transfers, contrary to
19 this chapter or regulations thereunder, any cannabis
20 products subject to tax under this chapter, or

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

23 “(A) upon which the tax has not been paid
24 or determined in the manner and at the time

1 prescribed by this chapter or regulations there-
2 under, or

3 “(B) which, without payment of tax pursu-
4 ant to section 5904, have been diverted from
5 the applicable purpose or use specified in that
6 section,

7 shall, for each such offense, be fined not more than
8 \$10,000, or imprisoned not more than 5 years, or both.

9 “(b) LIABILITY TO TAX.—Any person who possesses
10 cannabis products in violation of subsection (a) shall be
11 liable for a tax equal to the tax on such articles.”.

12 (c) STUDY.—Not later than 2 years after the date
13 of the enactment of this Act, and every 5 years thereafter,
14 the Secretary of the Treasury, or the Secretary’s delegate,
15 shall—

16 (1) conduct a study concerning the characteris-
17 tics of the cannabis industry, including the number
18 of persons operating cannabis enterprises at each
19 level of such industry, the volume of sales, the
20 amount of tax collected each year, and the areas of
21 evasion, and

22 (2) submit to Congress recommendations to im-
23 prove the regulation of the industry and the admin-
24 istration of the related tax.

1 (d) ANNUAL REPORTS REGARDING DETERMINATION
2 OF APPLICABLE RATES.—Not later than 6 months before
3 the beginning of each calendar year to which section
4 5901(a)(2) of the Internal Revenue Code of 1986 (as
5 added by this section) applies, the Secretary of the Treas-
6 ury, or the Secretary’s delegate, shall make publicly avail-
7 able a detailed description of the methodology which the
8 Secretary anticipates using to determine the applicable
9 rate per ounce and the applicable rate per gram which
10 will apply for such calendar year under section 5901(e)(2)
11 of such Code.

12 (e) CONFORMING AMENDMENTS.—

13 (1) Section 6103(o)(1)(A) of the Internal Rev-
14 enue Code of 1986 is amended by striking “and fire-
15 arms” and inserting “firearms, and cannabis prod-
16 ucts”.

17 (2) The table of chapters for subtitle E of such
18 Code is amended by adding at the end the following
19 new item:

“CHAPTER 56. CANNABIS PRODUCTS”.

20 (3) The table of sections for subchapter A of
21 chapter 98 of such Code is amended by adding at
22 the end the following new item:

“Sec. 9512. Opportunity Trust Tund.”.

23 (f) EFFECTIVE DATE.—

1 (1) IN GENERAL.—Except as otherwise pro-
2 vided in this subsection, the amendments made by
3 this section shall apply to removals, and applications
4 for permits under section 5922 of the Internal Rev-
5 enue Code of 1986 (as added by subsection (b)),
6 after 180 days after the date of the enactment of
7 this Act.

8 (2) ESTABLISHMENT OF TRUST FUND.—The
9 amendment made by subsection (a) shall take effect
10 on the date of the enactment of this Act.

11 **SEC. 6. OPPORTUNITY TRUST FUND PROGRAMS.**

12 (a) CANNABIS JUSTICE OFFICE; COMMUNITY REIN-
13 VESTMENT GRANT PROGRAM.—

14 (1) CANNABIS JUSTICE OFFICE.—Part A of
15 title I of the Omnibus Crime Control and Safe
16 Streets Act of 1968 (34 U.S.C. 10101 et seq.) is
17 amended by inserting after section 109 the fol-
18 lowing:

19 **“SEC. 110. CANNABIS JUSTICE OFFICE.**

20 “(a) ESTABLISHMENT.—There is established within
21 the Office of Justice Programs a Cannabis Justice Office.

22 “(b) DIRECTOR.—The Cannabis Justice Office shall
23 be headed by a Director who shall be appointed by the
24 Assistant Attorney General for the Office of Justice Pro-
25 grams. The Director shall report to the Assistant Attorney

1 General for the Office of Justice Programs. The Director
2 shall award grants and may enter into compacts, coopera-
3 tive agreements, and contracts on behalf of the Cannabis
4 Justice Office. The Director may not engage in any em-
5 ployment other than that of serving as the Director, nor
6 may the Director hold any office in, or act in any capacity
7 for, any organization, agency, or institution with which the
8 Office makes any contract or other arrangement.

9 “(c) EMPLOYEES.—

10 “(1) IN GENERAL.—The Director shall employ
11 as many full-time employees as are needed to carry
12 out the duties and functions of the Cannabis Justice
13 Office under subsection (d). Such employees shall be
14 exclusively assigned to the Cannabis Justice Office.

15 “(2) INITIAL HIRES.—Not later than 6 months
16 after the date of enactment of this section, the Di-
17 rector shall—

18 “(A) hire no less than one-third of the
19 total number of employees of the Cannabis Jus-
20 tice Office; and

21 “(B) no more than one-half of the employ-
22 ees assigned to the Cannabis Justice Office by
23 term appointment that may after 2 years be
24 converted to career appointment.

1 “(1) job training;
2 “(2) reentry services;
3 “(3) legal aid for civil and criminal cases, in-
4 cluding expungement of cannabis convictions;
5 “(4) literacy programs;
6 “(5) youth recreation or mentoring programs;
7 and
8 “(6) health education programs.

9 “(b) **SUBSTANCE USE DISORDER SERVICES.**—The
10 Director, in consultation with the Secretary of Health and
11 Human Services, shall provide eligible entities with funds
12 to administer substance use disorder services for individ-
13 uals adversely impacted by the War on Drugs or connect
14 patients with substance use disorder services. Also eligible
15 for such services are individuals who have been arrested
16 for or convicted of the sale, possession, use, manufacture,
17 or cultivation of a controlled substance other than can-
18 nabis (except for a conviction involving distribution to a
19 minor).

20 **“SEC. 3053. FUNDING FROM OPPORTUNITY TRUST FUND.**

21 “The Director shall carry out the program under this
22 part using funds made available under section 9512(e)(1)
23 and (2) of the Internal Revenue Code.

24 **“SEC. 3054. DEFINITIONS.**

25 “In this part:

1 “(1) The term ‘cannabis conviction’ means a
2 conviction, or adjudication of juvenile delinquency,
3 for a cannabis offense (as such term is defined in
4 section 13 of the Marijuana Opportunity Reinvest-
5 ment and Expungement Act).

6 “(2) The term ‘eligible entity’ means a non-
7 profit organization, as defined in section 501(c)(3)
8 of the Internal Revenue Code, that is representative
9 of a community or a significant segment of a com-
10 munity with experience in providing relevant services
11 to individuals adversely impacted by the War on
12 Drugs in that community.

13 “(3) The term ‘individuals adversely impacted
14 by the War on Drugs’ has the meaning given that
15 term in section 6 of the Marijuana Opportunity Re-
16 investment and Expungement Act.”.

17 (b) CANNABIS RESTORATIVE OPPORTUNITY PRO-
18 GRAM; EQUITABLE LICENSING GRANT PROGRAM.—

19 (1) CANNABIS RESTORATIVE OPPORTUNITY
20 PROGRAM.—The Administrator of the Small Busi-
21 ness Administration shall establish and carry out a
22 program, to be known as the “Cannabis Restorative
23 Opportunity Program”, to provide loans and tech-
24 nical assistance under section 7(m) of the Small
25 Business Act (15 U.S.C. 636(m)) to assist small

1 business concerns owned and controlled by socially
2 and economically disadvantaged individuals that op-
3 erate in eligible States or localities.

4 (2) **EQUITABLE LICENSING GRANT PROGRAM.**—

5 The Administrator of the Small Business Adminis-
6 tration shall establish and carry out a grant pro-
7 gram, to be known as the “Equitable Licensing
8 Grant Program”, to provide any eligible State or lo-
9 cality funds to develop and implement equitable can-
10 nabis licensing programs that minimize barriers to
11 cannabis licensing and employment for individuals
12 adversely impacted by the War on Drugs, provided
13 that each grantee includes in its cannabis licensing
14 program at least four of the following elements:

15 (A) A waiver of cannabis license applica-
16 tion fees for individuals who report an income
17 below 250 percent of the Federal Poverty Level
18 for at least 5 of the past 10 years and who are
19 first-time applicants for a cannabis license.

20 (B) A prohibition on the denial of a can-
21 nabis license based on a conviction for a can-
22 nabis offense that took place prior to State le-
23 galization of cannabis or the date of enactment
24 of this Act, as appropriate.

1 (C) A prohibition on restrictions for licens-
2 ing relating to criminal convictions except with
3 respect to a criminal conviction related to own-
4 ing and operating a business.

5 (D) A prohibition on cannabis license hold-
6 ers engaging in suspicionless cannabis drug
7 testing of their prospective or current employ-
8 ees, except with respect to drug testing for safe-
9 ty-sensitive positions required under part 40 of
10 title 49, Code of Federal Regulations.

11 (E) The establishment of a cannabis li-
12 censing board that is reflective of the racial,
13 ethnic, economic, and gender composition of the
14 eligible State or locality, to serve as an over-
15 sight body of the equitable licensing program.

16 (3) DEFINITIONS.—In this subsection:

17 (A) ELIGIBLE STATE OR LOCALITY.—The
18 term “eligible State or locality” means a State
19 or locality that has taken steps to—

20 (i) create an automatic process, at no
21 cost to the individual, for the
22 expungement, destruction, or sealing of
23 criminal records for cannabis offenses; and

24 (ii) eliminate violations or other pen-
25 alties for persons under parole, probation,

1 pre-trial, or other State or local criminal
2 supervision for a cannabis offense.

3 (B) INDIVIDUAL ADVERSELY IMPACTED BY
4 THE WAR ON DRUGS.—The term “individual
5 adversely impacted by the War on Drugs”
6 means an individual—

7 (i) who reports an income below 250
8 percent of the Federal Poverty Level for at
9 least 5 of the past 10 years; and

10 (ii) who has been arrested for or con-
11 victed of the sale, possession, use, manu-
12 facture, or cultivation of cannabis (except
13 for a conviction involving distribution to a
14 minor), or whose parent, sibling, spouse, or
15 child has been arrested for or convicted of
16 such an offense.

17 (C) SMALL BUSINESS CONCERN OWNED
18 AND CONTROLLED BY SOCIALLY AND ECONOMIC-
19 CALLY DISADVANTAGED INDIVIDUALS.—The
20 term “small business concern owned and con-
21 trolled by socially and economically disadvan-
22 taged individuals” has the meaning given in
23 section 8(d)(3)(C) of the Small Business Act
24 (15 U.S.C. 637(d)(3)(C)).

1 (D) STATE.—The term “State” means
2 each of the several States, the District of Co-
3 lumbia, Puerto Rico, any territory or possession
4 of the United States, and any Indian Tribe (as
5 defined in section 201 of Public Law 90–294
6 (25 U.S.C. 1301) (commonly known as the “In-
7 dian Civil Rights Act of 1968”).

8 (e) STUDY ON PROGRAMS.—

9 (1) GAO STUDY.—The Comptroller General of
10 the United States, in consultation with the Adminis-
11 trator of the Small Business Administration, shall
12 conduct an annual study on the individuals and enti-
13 ties receiving assistance under the Cannabis Restor-
14 ative Opportunity and Equitable Licensing Pro-
15 grams. This study shall include the types of assist-
16 ance by state, and a description of the efforts by the
17 Small Business Administration to increase access to
18 capital for cannabis-related small business concerns
19 owned and controlled by socially and economically
20 disadvantaged individuals, individuals adversely im-
21 pacted by the War on Drugs, as well as the racial,
22 ethnic, economic and gender composition of the eligi-
23 ble State or locality.

24 (2) REPORT.—Not later than 1 year after the
25 date of enactment of this Act, the Comptroller Gen-

1 eral of the United States shall submit a report on
2 the results of the study conducted under paragraph
3 (1) to—

4 (A) the Committee on Small Business of
5 the House of Representatives;

6 (B) the Committee on Small Business and
7 Entrepreneurship of the Senate;

8 (C) the Committee on the Judiciary of the
9 House of Representatives; and

10 (D) the Committee on the Judiciary of the
11 Senate.

12 **SEC. 7. AVAILABILITY OF SMALL BUSINESS ADMINISTRA-**
13 **TION PROGRAMS AND SERVICES TO CANNABIS-**
14 **RELATED LEGITIMATE BUSINESSES**
15 **AND SERVICE PROVIDERS.**

16 (a) DEFINITIONS RELATING TO CANNABIS-RELATED
17 LEGITIMATE BUSINESSES AND SERVICE PROVIDERS.—
18 Section 3 of the Small Business Act (15 U.S.C. 632) is
19 amended by adding at the end the following new sub-
20 section:

21 “(gg) CANNABIS-RELATED LEGITIMATE BUSINESSES
22 AND SERVICE PROVIDERS.—In this Act:

23 “(1) CANNABIS.—The term ‘cannabis’—

24 “(A) means—

1 “(i) all parts of the plant *Cannabis*
2 *sativa* L., whether growing or not;

3 “(ii) the seeds thereof;

4 “(iii) the resin extracted from any
5 part of such plant; and

6 “(iv) every compound, manufacture,
7 salt, derivative, mixture, or preparation of
8 such plant, its seeds or resin; and

9 “(B) does not include—

10 “(i) hemp, as defined in section 297A
11 of the Agricultural Marketing Act of 1946;

12 “(ii) the mature stalks of such plant,
13 fiber produced from such stalks, oil or cake
14 made from the seeds of such plant, any
15 other compound, manufacture, salt, deriva-
16 tive, mixture, or preparation of such ma-
17 ture stalks (except the resin extracted
18 therefrom), fiber, oil, or cake, or the steri-
19 lized seed of such plant which is incapable
20 of germination; or

21 “(iii) any drug product approved
22 under section 505 of the Federal Food,
23 Drug, and Cosmetic Act, or biological
24 product licensed under section 351 of the
25 Public Health Service Act.

1 “(2) CANNABIS-RELATED LEGITIMATE BUSI-
2 NESS.—The term ‘cannabis-related legitimate busi-
3 ness’ means a manufacturer, producer, or any per-
4 son or company that is a small business concern and
5 that—

6 “(A) engages in any activity described in
7 subparagraph (B) pursuant to a law established
8 by a State or a political subdivision of a State,
9 as determined by such State or political subdivi-
10 sion; and

11 “(B) participates in any business or orga-
12 nized activity that involves handling cannabis or
13 cannabis products, including cultivating, pro-
14 ducing, manufacturing, selling, transporting,
15 displaying, dispensing, distributing, or pur-
16 chasing cannabis or cannabis products.

17 “(3) SERVICE PROVIDER.—The term ‘service
18 provider’—

19 “(A) means a business, organization, or
20 other person that—

21 “(i) sells goods or services to a can-
22 nabis-related legitimate business; or

23 “(ii) provides any business services,
24 including the sale or lease of real or any
25 other property, legal or other licensed serv-

1 ices, or any other ancillary service, relating
2 to cannabis; and

3 “(B) does not include a business, organiza-
4 tion, or other person that participates in any
5 business or organized activity that involves han-
6 dling cannabis or cannabis products, including
7 cultivating, producing, manufacturing, selling,
8 transporting, displaying, dispensing, distrib-
9 uting, or purchasing cannabis or cannabis prod-
10 ucts.”.

11 (b) SMALL BUSINESS DEVELOPMENT CENTERS.—
12 Section 21(c) of the Small Business Act (15 U.S.C.
13 648(c)) is amended by adding at the end the following new
14 paragraph:

15 “(9) SERVICES FOR CANNABIS-RELATED LE-
16 GITIMATE BUSINESSES AND SERVICE PROVIDERS.—
17 A small business development center may not decline
18 to provide services to an otherwise eligible small
19 business concern under this section solely because
20 such concern is a cannabis-related legitimate busi-
21 ness or service provider.”.

22 (c) WOMEN’S BUSINESS CENTERS.—Section 29 of
23 the Small Business Act (15 U.S.C. 656) is amended by
24 adding at the end the following new subsection:

1 “(p) SERVICES FOR CANNABIS-RELATED LEGITI-
2 MATE BUSINESSES AND SERVICE PROVIDERS.—A wom-
3 en’s business center may not decline to provide services
4 to an otherwise eligible small business concern under this
5 section solely because such concern is a cannabis-related
6 legitimate business or service provider.”.

7 (d) SCORE.—Section 8(b)(1)(B) of the Small Busi-
8 ness Act (15 U.S.C. 637(b)(1)(B)) is amended by adding
9 at the end the following new sentence: “The head of the
10 SCORE program established under this subparagraph
11 may not decline to provide services to an otherwise eligible
12 small business concern solely because such concern is a
13 cannabis-related legitimate business or service provider.”.

14 (e) VETERAN BUSINESS OUTREACH CENTERS.—Sec-
15 tion 32 of the Small Business Act (15 U.S.C. 657b) is
16 amended by adding at the end the following new sub-
17 section:

18 “(h) SERVICES FOR CANNABIS-RELATED LEGITI-
19 MATE BUSINESSES AND SERVICE PROVIDERS.—A Vet-
20 eran Business Outreach Center may not decline to provide
21 services to an otherwise eligible small business concern
22 under this section solely because such concern is a can-
23 nabis-related legitimate business or service provider.”.

1 (f) SECTION 7(a) LOANS.—Section 7(a) of the Small
2 Business Act (15 U.S.C. 636(a)) is amended by adding
3 at the end the following new paragraph:

4 “(38) LOANS TO CANNABIS-RELATED LEGITI-
5 MATE BUSINESSES AND SERVICE PROVIDERS.—The
6 Administrator may not decline to provide a guar-
7 antee for a loan under this subsection, and a lender
8 may not decline to make a loan under this sub-
9 section, to an otherwise eligible small business con-
10 cern solely because such concern is a cannabis-re-
11 lated legitimate business or service provider.”.

12 (g) DISASTER LOANS.—Section 7(b) of the Small
13 Business Act (15 U.S.C. 636(b)) is amended by inserting
14 after paragraph (15) the following new paragraph:

15 “(16) ASSISTANCE TO CANNABIS-RELATED LE-
16 GITIMATE BUSINESSES AND SERVICE PROVIDERS.—
17 The Administrator may not decline to provide assist-
18 ance under this subsection to an otherwise eligible
19 small business concern solely because such concern
20 is a cannabis-related legitimate business or service
21 provider.”.

22 (h) MICROLOANS.—Section 7(m) of the Small Busi-
23 ness Act (15 U.S.C. 636(m)) is amended by adding at the
24 end the following new paragraph:

1 “(14) ASSISTANCE TO CANNABIS-RELATED LE-
2 GITIMATE BUSINESSES AND SERVICE PROVIDERS.—
3 The Administrator may not decline to make a loan
4 or a grant under this subsection, and an eligible
5 intermediary may not decline to provide assistance
6 under this subsection to an otherwise eligible bor-
7 rower, eligible intermediary, or eligible nonprofit en-
8 tity (as applicable) solely because such borrower,
9 intermediary, or nonprofit entity is a cannabis-re-
10 lated legitimate business or service provider.”.

11 (i) SMALL BUSINESS INVESTMENT COMPANY DE-
12 BENTURES TO FINANCE CANNABIS-RELATED LEGITI-
13 MATE BUSINESSES AND SERVICE PROVIDERS.—Part A of
14 title III of the Small Business Investment Act of 1958
15 (15 U.S.C. 681 et seq.) is amended by adding at the end
16 the following new section:

17 **“SEC. 321. DEBENTURES TO FINANCE CANNABIS-RELATED**
18 **LEGITIMATE BUSINESSES AND SERVICE PRO-**
19 **VIDERS.**

20 “(a) GUARANTEES.—The Administrator may not de-
21 cline to purchase or guarantee a debenture made under
22 this title to an otherwise eligible small business investment
23 company solely because such small business investment
24 company provides financing to an entity that is a can-

1 nabis-related legitimate business or service provider (as
2 defined in section 7(a)(38) of the Small Business Act).

3 “(b) OTHER ASSISTANCE.—A small business invest-
4 ment company may not decline to provide assistance under
5 this title to an otherwise eligible small business concern
6 solely because such small business concern is a cannabis-
7 related legitimate business or service provider (as defined
8 in section 7(a)(38) of the Small Business Act).”

9 (j) STATE OR LOCAL DEVELOPMENT COMPANY
10 LOANS.—Title V of the Small Business Investment Act
11 of 1958 (15 U.S.C. 695 et seq.) is amended by adding
12 at the end the following new section:

13 **“SEC. 511. LOANS TO FINANCE CANNABIS-RELATED LEGITI-
14 MATE BUSINESSES AND SERVICE PROVIDERS.**

15 “(a) LOANS AND LOAN GUARANTEES.—The Admin-
16 istrator may not decline to make or provide a guarantee
17 for a loan under this title to an otherwise eligible qualified
18 State or local development company solely because such
19 qualified State or local development company provides fi-
20 nancing to an entity that is a cannabis-related legitimate
21 business or service provider (as defined in section 7(a)(38)
22 of the Small Business Act).

23 “(b) OTHER ASSISTANCE.—A qualified State or local
24 development company may not decline to provide assist-
25 ance under this title to an otherwise eligible small business

1 concern solely because such small business concern is a
2 cannabis-related legitimate business or service provider (as
3 defined in section 7(a)(38) of the Small Business Act).”.

4 **SEC. 8. NO DISCRIMINATION IN THE PROVISION OF A FED-**
5 **ERAL PUBLIC BENEFIT ON THE BASIS OF**
6 **CANNABIS.**

7 (a) IN GENERAL.—No person may be denied any
8 Federal public benefit (as such term is defined in section
9 401(c) of the Personal Responsibility and Work Oppor-
10 tunity Reconciliation Act of 1996 (8 U.S.C. 1611(e))) on
11 the basis of any use or possession of cannabis, or on the
12 basis of a conviction or adjudication of juvenile delin-
13 quency for a cannabis offense, by that person.

14 (b) SECURITY CLEARANCES.—Federal agencies may
15 not use past or present cannabis or marijuana use as cri-
16 teria for granting, denying, or rescinding a security clear-
17 ance.

18 **SEC. 9. NO ADVERSE EFFECT FOR PURPOSES OF THE IMMI-**
19 **GRATION LAWS.**

20 (a) IN GENERAL.—For purposes of the immigration
21 laws (as such term is defined in section 101 of the Immi-
22 gration and Nationality Act), cannabis may not be consid-
23 ered a controlled substance, and an alien may not be de-
24 nied any benefit or protection under the immigration laws
25 based on any event, including conduct, a finding, an ad-

1 mission, addiction or abuse, an arrest, a juvenile adjudica-
2 tion, or a conviction, relating to cannabis, regardless of
3 whether the event occurred before, on, or after the effec-
4 tive date of this Act.

5 (b) CANNABIS DEFINED.—The term “cannabis”—

6 (1) means all parts of the plant *Cannabis sativa*
7 *L.*, whether growing or not; the seeds thereof; the
8 resin extracted from any part of such plant; and
9 every compound, manufacture, salt, derivative, mix-
10 ture, or preparation of such plant, its seeds or resin;
11 and

12 (2) does not include—

13 (A) hemp, as defined in section 297A of
14 the Agricultural Marketing Act of 1946;

15 (B) the mature stalks of such plant, fiber
16 produced from such stalks, oil or cake made
17 from the seeds of such plant, any other com-
18 pound, manufacture, salt, derivative, mixture,
19 or preparation of such mature stalks (except
20 the resin extracted therefrom), fiber, oil, or
21 cake, or the sterilized seed of such plant which
22 is incapable of germination; or

23 (C) any drug product approved under sec-
24 tion 505 of the Federal Food, Drug, and Cos-

1 metec Act, or biological product licensed under
2 section 351 of the Public Health Service Act.

3 (c) CONFORMING AMENDMENTS TO IMMIGRATION
4 AND NATIONALITY ACT.—The Immigration and Nation-
5 ality Act (8 U.S.C. 1101 et seq.) is amended—

6 (1) in section 212(h), by striking “and subpara-
7 graph (A)(i)(II) of such subsection insofar as it re-
8 lates to a single offense of simple possession of 30
9 grams or less of marijuana”;

10 (2) in section 237(a)(2)(B)(i), by striking
11 “other than a single offense involving possession for
12 one’s own use of 30 grams or less of marijuana”;

13 (3) in section 101(f)(3), by striking “(except as
14 such paragraph relates to a single offense of simple
15 possession of 30 grams or less of marihuana)”;

16 (4) in section 244(c)(2)(A)(iii)(II) by striking
17 “except for so much of such paragraph as relates to
18 a single offense of simple possession of 30 grams or
19 less of marijuana”;

20 (5) in section 245(h)(2)(B) by striking “(except
21 for so much of such paragraph as related to a single
22 offense of simple possession of 30 grams or less of
23 marijuana)”;

24 (6) in section 210(c)(2)(B)(ii)(III) by striking
25 “, except for so much of such paragraph as relates

1 to a single offense of simple possession of 30 grams
2 or less of marihuana”; and

3 (7) in section 245A(d)(2)(B)(ii)(II) by striking
4 “, except for so much of such paragraph as relates
5 to a single offense of simple possession of 30 grams
6 or less of marihuana”.

7 **SEC. 10. RESENTENCING AND EXPUNGEMENT.**

8 (a) EXPUNGEMENT OF NON-VIOLENT FEDERAL
9 CANNABIS OFFENSE CONVICTIONS FOR INDIVIDUALS
10 NOT UNDER A CRIMINAL JUSTICE SENTENCE.—

11 (1) IN GENERAL.—Not later than 1 year after
12 the date of the enactment of this Act, each Federal
13 district shall conduct a comprehensive review and
14 issue an order expunging each conviction or adju-
15 dication of juvenile delinquency for a non-violent
16 Federal cannabis offense entered by each Federal
17 court in the district before the date of enactment of
18 this Act and on or after May 1, 1971. Each Federal
19 court shall also issue an order expunging any arrests
20 associated with each expunged conviction or adju-
21 dication of juvenile delinquency.

22 (2) NOTIFICATION.—To the extent practicable,
23 each Federal district shall notify each individual
24 whose arrest, conviction, or adjudication of delin-
25 quency has been expunged pursuant to this sub-

1 section that their arrest, conviction, or adjudication
2 of juvenile delinquency has been expunged, and the
3 effect of such expungement.

4 (3) RIGHT TO PETITION COURT FOR
5 EXPUNGEMENT.—At any point after the date of en-
6 actment of this Act, any individual with a prior con-
7 viction or adjudication of juvenile delinquency for a
8 non-violent Federal cannabis offense, who is not
9 under a criminal justice sentence, may file a motion
10 for expungement. If the expungement of such a con-
11 viction or adjudication of juvenile delinquency is re-
12 quired pursuant to this Act, the court shall expunge
13 the conviction or adjudication, and any associated
14 arrests. If the individual is indigent, counsel shall be
15 appointed to represent the individual in any pro-
16 ceedings under this subsection.

17 (4) SEALED RECORD.—The court shall seal all
18 records related to a conviction or adjudication of ju-
19 venile delinquency that has been expunged under
20 this subsection. Such records may only be made
21 available by further order of the court.

22 (b) SENTENCING REVIEW FOR INDIVIDUALS UNDER
23 A CRIMINAL JUSTICE SENTENCE.—

24 (1) IN GENERAL.—For any individual who is
25 under a criminal justice sentence for a non-violent

1 Federal cannabis offense, the court that imposed the
2 sentence shall, on motion of the individual, the Di-
3 rector of the Bureau of Prisons, the attorney for the
4 Government, or the court, conduct a sentencing re-
5 view hearing. If the individual is indigent, counsel
6 shall be appointed to represent the individual in any
7 sentencing review proceedings under this subsection.

8 (2) POTENTIAL REDUCED RESENTENCING.—
9 After a sentencing hearing under paragraph (1), a
10 court shall—

11 (A) expunge each conviction or adjudica-
12 tion of juvenile delinquency for a non-violent
13 Federal cannabis offense entered by the court
14 before the date of enactment of this Act, and
15 any associated arrest;

16 (B) vacate the existing sentence or disposi-
17 tion of juvenile delinquency and, if applicable,
18 impose any remaining sentence or disposition of
19 juvenile delinquency on the individual as if this
20 Act, and the amendments made by this Act,
21 were in effect at the time the offense was com-
22 mitted; and

23 (C) order that all records related to a con-
24 viction or adjudication of juvenile delinquency
25 that has been expunged or a sentence or dis-

1 position of juvenile delinquency that has been
2 vacated under this Act be sealed and only be
3 made available by further order of the court.

4 (c) EFFECT OF EXPUNGEMENT.—An individual who
5 has had an arrest, a conviction, or juvenile delinquency
6 adjudication expunged under this section—

7 (1) may treat the arrest, conviction, or adju-
8 dication as if it never occurred; and

9 (2) shall be immune from any civil or criminal
10 penalties related to perjury, false swearing, or false
11 statements, for a failure to disclose such arrest, con-
12 viction, or adjudication.

13 (d) EXCEPTION.—An individual who at sentencing
14 received an aggravating role adjustment pursuant to
15 United States Sentencing Guideline 3B1.1(a) in relation
16 to a Federal cannabis offense conviction shall not be eligi-
17 ble for expungement of that Federal cannabis offense con-
18 viction under this section.

19 (e) DEFINITIONS.—In this section:

20 (1) The term “Federal cannabis offense” means
21 an offense that is no longer punishable pursuant to
22 this Act or the amendments made under this Act.

23 (2) The term “expunge” means, with respect to
24 an arrest, a conviction, or a juvenile delinquency ad-
25 judication, the removal of the record of such arrest,

1 conviction, or adjudication from each official index
2 or public record.

3 (3) The term “under a criminal justice sen-
4 tence” means, with respect to an individual, that the
5 individual is serving a term of probation, parole, su-
6 pervised release, imprisonment, official detention,
7 pre-release custody, or work release, pursuant to a
8 sentence or disposition of juvenile delinquency im-
9 posed on or after the effective date of the Controlled
10 Substances Act (May 1, 1971).

11 (f) STUDY.—The Comptroller General of the United
12 States, in consultation with the Secretary of Health and
13 Human Services, shall conduct a demographic study of in-
14 dividuals convicted of a Federal cannabis offense. Such
15 study shall include information about the age, race, eth-
16 nicity, sex, and gender identity of those individuals, the
17 type of community such users dwell in, and such other
18 demographic information as the Comptroller General de-
19 termines should be included.

20 (g) REPORT.—Not later than 2 years after the date
21 of the enactment of this Act, the Comptroller General of
22 the United States shall report to Congress the results of
23 the study conducted under subsection (f).

1 **SEC. 11. REFERENCES IN EXISTING LAW TO MARIJUANA OR**
2 **MARIHUANA.**

3 Wherever, in the statutes of the United States or in
4 the rulings, regulations, or interpretations of various ad-
5 ministrative bureaus and agencies of the United States—

6 (1) there appears or may appear the term
7 “marihuana” or “marijuana”, that term shall be
8 struck and the term “cannabis” shall be inserted;
9 and

10 (2) there appears or may appear the term
11 “Marihuana” or “Marijuana”, that term shall be
12 struck and the term “Cannabis” shall be inserted.

13 **SEC. 12. SEVERABILITY.**

14 If any provision of this Act or an amendment made
15 by this Act, or any application of such provision to any
16 person or circumstance, is held to be unconstitutional, the
17 remainder of this Act, the amendments made by this Act,
18 and the application of this Act and the amendments made
19 by this Act to any other person or circumstance shall not
20 be affected.

21 **SEC. 13. CANNABIS OFFENSE DEFINED.**

22 For purposes of this Act, the term “cannabis offense”
23 means a criminal offense related to cannabis—

24 (1) that, under Federal law, is no longer pun-
25 ishable pursuant to this Act or the amendments
26 made under this Act; or

1 (2) that, under State law, is no longer an of-
2 fense or that was designated a lesser offense or for
3 which the penalty was reduced under State law pur-
4 suant to or following the adoption of a State law au-
5 thorizing the sale or use of cannabis.

6 **SEC. 14. RULEMAKING.**

7 Unless otherwise provided in this Act, not later than
8 1 year after the date of enactment of this Act, the Depart-
9 ment of the Treasury, the Department of Justice, and the
10 Small Business Administration shall issue or amend any
11 rules, standard operating procedures, and other legal or
12 policy guidance necessary to carry out implementation of
13 this Act. After the 1-year period, any publicly issued sub-
14 regulatory guidance, including any compliance guides,
15 manuals, advisories and notices, may not be issued with-
16 out 60-day notice to appropriate congressional commit-
17 tees. Notice shall include a description and justification
18 for additional guidance.

19 **SEC. 15. SOCIETAL IMPACT OF MARIJUANA LEGALIZATION**
20 **STUDY.**

21 The Comptroller General of the United States shall,
22 not later than 2 years after the date of enactment of this
23 Act, provide to Congress a study that addresses the soci-
24 etal impact of the legalization of recreational cannabis by
25 States, including—

- 1 (1) sick days reported to employers;
- 2 (2) workers compensations claims;
- 3 (3) tax revenue remitted to States resulting
- 4 from legal marijuana sales;
- 5 (4) changes in government spending related to
- 6 enforcement actions and court proceedings;
- 7 (5) Federal welfare assistance applications;
- 8 (6) rate of arrests related to methamphetamine
- 9 possession;
- 10 (7) hospitalization rates related to methamphet-
- 11 amine and narcotics use;
- 12 (8) uses of marijuana and its byproducts for
- 13 medical purposes;
- 14 (9) uses of marijuana and its byproducts for
- 15 purposes relating to the health, including the mental
- 16 health, of veterans;
- 17 (10) arrest rates of individuals driving under
- 18 the influence or driving while intoxicated by mari-
- 19 juana;
- 20 (11) traffic-related deaths and injuries where
- 21 the driver is impaired by marijuana;
- 22 (12) arrest of minors for marijuana-related
- 23 charges;
- 24 (13) violent crime rates;

- 1 (14) school suspensions, expulsions, and law en-
2 forcement referrals that are marijuana-related;
- 3 (15) high school dropout rates;
- 4 (16) changes in district-wide and State-wide
5 standardized test scores;
- 6 (17) marijuana-related hospital admissions and
7 poison control calls;
- 8 (18) marijuana-related juvenile admittances
9 into substance rehabilitation facilities and mental
10 health clinics;
- 11 (19) diversion of marijuana into neighboring
12 States and drug seizures in neighboring States;
- 13 (20) marijuana plants grown on public lands in
14 contravention to Federal and State laws; and
- 15 (21) court filings under a State's organized
16 crime statutes.

