

118TH CONGRESS
1ST SESSION

H. R. 6028

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

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 24, 2023

Ms. MACE (for herself, Mr. McCLINTOCK, Mr. PHILLIPS, Mr. TRONE, and Mr. GAETZ) introduced the following bill

OCTOBER 25, 2023

Referred to the Committee on Energy and Commerce, and in addition to the Committees on the Judiciary, Natural Resources, Agriculture, Transportation and Infrastructure, Armed Services, Ways and Means, Small Business, Veterans' Affairs, Oversight and Accountability, Education and the Workforce, and Foreign Affairs, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

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

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

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

4 (a) SHORT TITLE.—This Act may be cited as the
5 “States Reform Act of 2023”.

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

Sec. 1. Short title; table of contents.

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

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

Sec. 102. Second Chances for Nonviolent Cannabis Offenders.

Sec. 103. GCA provisions.

TITLE II—REGULATION OF MARIJUANA LIKE ALCOHOL

Sec. 201. Food and Drug Administration.

Sec. 202. Department of Agriculture regulation of raw cannabis.

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

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

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

Sec. 206. Transition safe harbor and administrative remedies.

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

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

TITLE III—DESIGNATED STATE MEDICAL CANNABIS PRODUCT
 SAFETY ACT

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

TITLE IV—SMALL BUSINESS ADMINISTRATION PROVISIONS

Sec. 401. Fair Small Business Administration access.

Sec. 402. Disaster loan nondiscrimination.

Sec. 403. Microloan nondiscrimination.

Sec. 404. Small business investment company debenture nondiscrimination.

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

Sec. 406. Rulemaking and disbursement.

Sec. 407. Administrative Procedure Act and mandamus remedies.

TITLE V—IMPOSITION OF CANNABIS EXCISE TAX

Sec. 501. Law enforcement retraining and successful second chances fund.

Sec. 502. Cannabis Revenue and Regulation Act.

Sec. 503. Reports and conforming amendments.

TITLE VI—VETERANS' CARE AND ACCESS

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

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

TITLE VII—MISCELLANEOUS UPDATES AND TECHNICAL
 AMENDMENTS

Sec. 701. United States international cannabis commerce policy.

Sec. 702. Continued Federal employee drug testing.

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

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

Sec. 705. Security clearances.

Sec. 706. Effective upon enactment.

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

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

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

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

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

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

19 (2) TREATMENT LIKE ALCOHOL IN CON-
 20 TROLLED SUBSTANCES ACT.—The Controlled Sub-

1 stances Act (21 U.S.C. 802(6)) is amended—by in-
2 serting “Marihuana,” after “malt beverages,”.

3 (3) RESIDUAL RULEMAKING.—Not later than
4 30 days after the date of the enactment of this Act,
5 the Attorney General shall administratively revise
6 the current regulations at 21 CFR 1308.11 and re-
7 lated provisions to clarify that for the purposes of
8 the Controlled Substances Act and related statutes,
9 in light of the States Reform Act, marihuana and
10 tetrahydrocannabinols are each deemed by Congress
11 to be a drug or other substance that does not meet
12 the requirements for inclusion in any schedule. Such
13 administrative rulemaking amendments shall not be
14 subject to the requirements of the Administrative
15 Procedure Act other than notice of changes in the
16 Federal Register. Any regulations inconsistent with
17 this Act shall be deemed invalid on the date of en-
18 actment of this Act for all purposes including but
19 not limited to any offense committed, case pending,
20 conviction entered, and, in the case of a juvenile, any
21 offense committed, case pending, and adjudication of
22 juvenile delinquency entered before, on, or after the
23 date of enactment of this Act.

1 (b) CONFORMING AMENDMENTS TO CONTROLLED
2 SUBSTANCES ACT AND CONTROLLED SUBSTANCES IM-
3 PORT AND EXPORT ACT.—

4 (1) The Controlled Substances Act (21 U.S.C.
5 801 et seq.) is amended—

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

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

10 (i) in paragraph (1)—

11 (I) in subparagraph (A)—

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

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

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

18 (II) in subparagraph (B)—

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

21 (bb) by striking clause (vii);
22 and

23 (cc) by redesignating clause
24 (viii) as clause (vii);

- 1 (III) in subparagraph (C), in the
2 first sentence, by striking “subpara-
3 graphs (A), (B), and (D)” and insert-
4 ing “subparagraphs (A) and (B)”;
- 5 (IV) by striking subparagraph
6 (D);
- 7 (V) by redesignating subpara-
8 graph (E) as subparagraph (D); and
- 9 (VI) in subparagraph (D)(i), as
10 so redesignated, by striking “subpara-
11 graphs (C) and (D)” and inserting
12 “subparagraph (C)”;
- 13 (ii) by striking paragraph (4); and
- 14 (iii) by redesignating paragraphs (5),
15 (6), and (7) as paragraphs (4), (5), and
16 (6), respectively;
- 17 (C) in section 402(c)(2)(B) (21 U.S.C.
18 842(c)(2)(B)), by striking “, marihuana,”;
- 19 (D) in section 403(d)(1) (21 U.S.C.
20 843(d)(1)), by striking “, marihuana,”;
- 21 (E) in section 418(a) (21 U.S.C. 859(a)),
22 by striking the last sentence;
- 23 (F) in section 419(a) (21 U.S.C. 860(a)),
24 by striking the last sentence;

1 (G) in section 422(d) (21 U.S.C.
2 863(d))—

3 (i) in the matter preceding paragraph
4 (1), by striking “marijuana,”; and

5 (ii) in paragraph (5), by striking “,
6 such as a marihuana cigarette,”;

7 (H) in section 503 (21 U.S.C. 24
8 873(a)(5) and (6)), by striking “controlled sub-
9 stances” each place the term appears and in-
10 sserting “controlled substances and mari-
11 huana,”; and

12 (I) in section 516(d) (21 U.S.C. 886(d)),
13 by striking “section 401(b)(6)” each place the
14 term appears and inserting “section 401(b)(5)”.

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

18 (A) in paragraph (1)—

19 (i) in subparagraph (F), by inserting
20 “or” after the semicolon;

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

22 (iii) by redesignating subparagraph
23 (H) as subparagraph (G);

24 (B) in paragraph (2)—

- 1 (i) in subparagraph (F), by inserting
2 “or” after the semicolon;
3 (ii) by striking subparagraph (G); and
4 (iii) by redesignating subparagraph
5 (H) as subparagraph (G);
6 (C) in paragraph (3), by striking “para-
7 graphs (1), (2), and (4)” and inserting “para-
8 graphs (1) and (2)”;
9 (D) by striking paragraph (4); and
10 (E) by redesignating paragraphs (5), (6),
11 and (7) as paragraphs (4), (5), and (6), respec-
12 tively.

13 (c) OTHER CONFORMING AMENDMENTS.—

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

18 (A) in section 15002(a) (16 U.S.C.
19 559b(a)) by striking “marijuana and other”;

20 (B) in section 15003(2) (16 U.S.C.
21 559c(2)) by striking “marijuana and other”;
22 and

23 (C) in section 15004(2) (16 U.S.C.
24 559d(2)) by striking “marijuana and other”.

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

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

6 (B) in subsection (2) by striking “mari-
7 huana”.

8 (3) FMCSA PROVISIONS.—

9 (A) CONFORMING AMENDMENT.—Section
10 31301(5) of title 49, United States Code, is
11 amended by striking “section 31306,” and in-
12 serting “sections 31306, 31306a, and sub-
13 sections (b) and (c) of section 31310,”.

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

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

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

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

1 (C) DISQUALIFICATIONS.—Section
2 31310(b) of title 49, United States Code, is
3 amended by adding at the end the following:

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

7 (4) FAA PROVISIONS.—Section 45101 of title
8 49, United States Code, is amended—

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

11 “(A) any substance”; and

12 (B) by striking the period at the end and
13 inserting:

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

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

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

22 “(A) any substance”; and

23 (B) by striking the period at the end and
24 inserting:

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

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

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

9 “(A) any substance”; and

10 (B) by striking the period at the end and
11 inserting:

12 “(B) any substance not covered under sub-
13 paragraph (A) that was a substance under such
14 section as of December 1, 2018, and whose use
15 the Secretary of Transportation decides has a
16 risk to transportation safety.”.

17 (7) ELECTRONIC CANNABIS DELIVERY SYS-
18 TEM.—Section 375(7)(C) of title 15, United States
19 Code, is amended by adding at the end the fol-
20 lowing:

21 “(16) ELECTRONIC CANNABIS DELIVERY SYS-
22 TEM.—

23 “(A) IN GENERAL.—Electronic cannabis
24 delivery systems are devices that are intended
25 for the exclusive use with cannabis.

1 “(B) DEFINITION.—The term ‘electronic
2 cannabis delivery system’ means an electronic
3 device that delivers a designated State medical
4 cannabis products within the meaning of the
5 Federal Food Drug and Cosmetic Act or a can-
6 nabis product within the meaning of title III of
7 the Federal Alcohol Administration Act, via an
8 aerosolized or vaporized solution to the user in-
9 haling from the device, and any component, liq-
10 uid, part, or accessory of such a device, whether
11 or not sold separately.

12 “(C) LABELING.—Electronic cannabis de-
13 livery systems shall be labeled ‘NOT FOR USE
14 WITH TOBACCO OR NICOTINE.’.

15 “(D) SALE OF DELIVERY SYSTEMS.—The
16 sale of electronic cannabis delivery systems, via
17 in-person or e-commerce platforms, shall be
18 subject to age-gate measures to ensure the sale
19 of these devices are to appropriate age popu-
20 lations.

21 “(E) NON-TOBACCO.—Electronic cannabis
22 delivery systems are independent to that of elec-
23 tronic delivery systems used with tobacco and
24 tobacco-related substances referred to as elec-
25 tronic nicotine delivery systems (ENDS).

1 “(F) LIKE ALCOHOL OR LIKE MEDICAL
2 DEVICES.—A cannabis product within the
3 meaning of title III of the Federal Alcohol Ad-
4 ministration Act shall be treated like an alco-
5 holic beverage for the purposes of mailability
6 and age-gate measures mentioned in section
7 (D). A designated State medical cannabis prod-
8 uct within the meaning of the Federal Food
9 Drug and Cosmetic Act, shall be treated like
10 similar FDA-regulated therapeutics, therapeutic
11 devices, or drugs for the purposes of mailability
12 and age-gate measures mentioned in section
13 (D). The Postmaster General may require a
14 declaration from a shipper of such cannabis
15 products, designated State medical cannabis
16 products, or components, liquids, parts, or ac-
17 cessories that is sold separately from the device
18 is not intended for use in a nicotine or tobacco
19 product.”.

20 **SEC. 102. SECOND CHANCES FOR NONVIOLENT CANNABIS**
21 **OFFENDERS.**

22 (a) DEFINITION.—In this section:

23 (1) RELATED NONVIOLENT MARIHUANA OF-
24 FENSES.—The term “related nonviolent marihuana
25 offenses” shall mean any related nonviolent offenses

1 or convictions that would not have satisfied all ele-
2 ments of the charged offense or offenses but for the
3 involvement of marijuana, marihuana as defined in
4 section 102(16) of the Controlled Substances Act
5 (21 U.S.C. 802(16)), or tetrahydrocannabinols ex-
6 cept for any offenses or convictions where it has
7 been established in court that the individual was as-
8 sociated with a foreign drug cartel or operating a
9 motor vehicle under the influence of a drug or alco-
10 hol within the meaning of section 13(b) of title 18,
11 United States Code, an offense of operating or being
12 in actual physical control of a motor vehicle within
13 the meaning of title 36, section 4.23 of the Code of
14 Federal Regulations, or drunken or reckless oper-
15 ation of vehicle, aircraft or vessel within the mean-
16 ing of article 111 of the Uniform Code of Military
17 Justice, and section 911 of title 10, United States
18 Code.

19 (2) ASSOCIATED WITH A FOREIGN DRUG CAR-
20 TEL.—The term “associated with a foreign drug car-
21 tel” shall mean, in the case of an individual, that
22 law enforcement has probable cause to believe to be
23 connected to or an instrument of a foreign agent,
24 drug cartel, or power.

1 (b) RETROACTIVE APPLICATION TO MARIHUANA OF-
2 FENSES.—The amendments made by this section to the
3 Controlled Substances Act (21 U.S.C. 801 et seq.) are ret-
4 roactive and shall apply to any offense committed, case
5 pending, conviction entered, and, in the case of a juvenile,
6 any offense committed, case pending, or adjudication of
7 juvenile delinquency entered before, on, or after the date
8 of enactment of this Act—

9 (1) LIMITATION OF RETROACTIVE APPLICATION
10 TO NONVIOLENT AND RELATED NONVIOLENT MARI-
11 HUANA OFFENSES.—Such application and retro-
12 activity described in this subsection (b) shall extend
13 to any nonviolent offense involving marijuana, mari-
14 huana as defined in section 102(16) of the Con-
15 trolled Substances Act (21 U.S.C. 802(16)), or
16 tetrahydrocannabinols and any related nonviolent
17 marihuana offenses occurring before, on, or after the
18 date of enactment of this Act. This provision is
19 meant to be extended to nonviolent offenses charged,
20 pending, or otherwise, previously found to be crimes
21 of violence subsequently found to be unconstitution-
22 ally vague or restricted.

23 (2) APPLICATION TO PENDING ACTIONS.—For
24 all pending criminal charges or cases and convictions
25 awaiting sentencing impacted by amendments made

1 by this subsection to the Controlled Substances Act
2 (21 U.S.C. 801 et seq.), the attorney for the Govern-
3 ment shall drop the relevant charges or seek dis-
4 missal of all pending charges within 14 days after
5 the date of enactment of this Act. Any person held
6 in pretrial detention and entitled to dismissal of rel-
7 evant charges under this provision, and not detained
8 for any other reason, shall be entitled to issuance of
9 a writ under section 2241 of title 28, United States
10 Code or section 1361 of title 28, United States
11 Code, to effectuate immediate release.

12 (3) APPLICATION TO DEFENDANTS PREVIOUSLY
13 SENTENCED.—In the case of a defendant who, be-
14 fore the date of enactment of this Act, was convicted
15 or sentenced for any Federal offense involving mari-
16 juana, marihuana as defined in section 102(16) of
17 the Controlled Substances Act (21 U.S.C. 802(16)),
18 or tetrahydrocannabinols and not serving a sentence
19 for any conduct not covered by this Act or serving
20 multiple sentences as provided in section 3584 of
21 title 18, United States Code, the Director of the Bu-
22 reau of Prisons, United States Marshals Service, or
23 United States Parole Commission shall release such
24 individual from its control within 14 days after the
25 date of enactment of this Act. Any person not so

1 timely released and entitled to such under this provi-
2 sion shall be entitled to issuance of a writ under sec-
3 tion 2241 of title 28, United States Code or section
4 1361 of title 28, United States Code, to effectuate
5 immediate release.

6 (4) CUMULATIVE SENTENCING RECONSIDER-
7 ATION.—In the case of a defendant who, before the
8 date of enactment of this Act, was convicted or sen-
9 tenced for any Federal offense involving marijuana,
10 marihuana, or tetrahydrocannabinols but is also
11 serving a sentence for any other crime not consid-
12 ered a related nonviolent marihuana offenses by this
13 Act, the sentencing court may, on motion of the de-
14 fendant, the Director of the Bureau of Prisons, the
15 attorney for the Government, or on its own motion,
16 impose a reduced sentence after considering the fac-
17 tors set forth in section 3553(a) of title 18, United
18 States Code.

19 (5) LIMITATION TO ONLY CANNABIS.—This
20 provision applies solely to persons who traded exclu-
21 sively in marijuana, marihuana as defined in section
22 102(16) of the Controlled Substances Act (21
23 U.S.C. 802(16)), or tetrahydrocannabinols rather
24 than other substances controlled under the Con-
25 trolled Substances Act.

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

3 (7) POST-PASSAGE LIMITATION.—This provision
4 does not apply to acts or transactions occurring
5 after the passage of this Act that are not in compli-
6 ance with this Act and other applicable laws.

7 (8) JUDICIAL REVIEW.—Questions of non-vio-
8 lence are reviewable in any proceeding initiated
9 under this subsection (d) or the following subsection
10 (e). For an example of a person considered under
11 this law to be a nonviolent cannabis offender based
12 on the totality of facts in the case, please refer to
13 the case of *United States v. Angelos*, 345 F. Supp.
14 2d 1227 (D. Utah 2004).

15 (9) CRIMES OF VIOLENCE EXCLUDED.—A per-
16 son found guilty of a crime of violence under section
17 16(a) of title 18 of the United States Code (18
18 U.S.C. 16(a)) is a violent offender for the purposes
19 of this provision and ineligible for any relief under
20 section 102 this Act.

21 (c) CESSATION OF ALL MARIHUANA ADMINISTRA-
22 TIVE ACTIONS AND REPATRIATION OF PROPERTY.—Not-
23 withstanding any other provision of law, the Federal Gov-
24 ernment shall not pursue, and shall immediately desist any
25 present administrative or enforcement action, or criminal

1 or civil asset forfeiture proceeding, against any United
2 States citizen where the cause of controversy is rooted in
3 the illicit marihuana, as defined in section 102(16) of the
4 Controlled Substances Act (21 U.S.C. 802(16)), or
5 tetrahydrocannabinols trade for nonviolent acts having oc-
6 curred between the passage of the Marijuana Tax Act of
7 1937 (Public Law 75–238, 50 Stat. 551) and this Act,
8 nor shall the proceeds of such trade or acts be considered
9 the proceeds of illegal drug trade or any kind of criminal
10 or illicit activity under sections 981, 1956 or 1957 of title
11 18, United States Code, or any other provision of law,
12 even if such activity occurred before the date of enactment
13 of this Act.

14 (1) LIMITATION TO ONLY CANNABIS.—This
15 provision applies solely to persons who traded exclu-
16 sively in marijuana, marihuana as defined in section
17 102(16) of the Controlled Substances Act (21
18 U.S.C. 802(16)), or tetrahydrocannabinols rather
19 than other substances controlled under the Con-
20 trolled Substances Act.

21 (2) SCOPE.—This provision applies to each and
22 every organ of the Federal Government.

23 (3) POST-PASSAGE LIMITATION.—This provision
24 does not apply to acts or transaction occurring after

1 the passage of this Act that are not in compliance
2 with this Act and other applicable laws.

3 (d) APPLICATION TO MILITARY LAW.—Notwith-
4 standing any other provision of law, the provisions of sub-
5 section (a) shall apply to proceedings involving military
6 courts, tribunals, courts-martial, and offenses under the
7 Uniform Code of Military Justice. Former servicemembers
8 and veterans that received other than honorable, bad con-
9 duct, or dishonorable discharges premised solely on non-
10 violent cannabis offenses covered under this subsection (a)
11 shall be entitled to petition and receive from a service
12 branch discharge review board or the Board of Correction
13 for Military Records, as jurisdictionally appropriate, an
14 upgrade to a general discharge.

15 (e) EXPUNGEMENT OF NONVIOLENT FEDERAL CAN-
16 NABIS OFFENSES.—Section 3607(c) of title 18, United
17 States Code, is amended—

18 (1) by striking “If the case” and inserting “(1)
19 If the case”;

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

21 “(2) Not later than 1 year after the date of the enact-
22 ment of this Act, each Federal district shall conduct a
23 comprehensive review and issue an order expunging, with-
24 out financial commitment from the offender, each convic-
25 tion or adjudication for any Federal offense involving

1 marijuana, marihuana as defined in section 102(16) of the
2 Controlled Substances Act (21 U.S.C. 802(16)), or
3 tetrahydrocannabinols, and any related nonviolent mari-
4 huana offenses, entered by each Federal court in the dis-
5 trict before the date of enactment of this Act. Each Fed-
6 eral court shall also issue an order expunging any arrests
7 associated with each expunged conviction or adjudication
8 unless the individual is associated with a foreign drug car-
9 tel. The expungement order shall direct that there be ex-
10 punged from all official records all references to their ar-
11 rest for the offense, the institution of criminal proceedings
12 against them, and the results thereof.

13 “(3) Any individual who otherwise qualifies for an
14 expungement order under paragraph (2) except for the
15 fact that they was found to be associated with a foreign
16 drug cartel shall have the right to petition any Federal
17 court under this clause for an individualized determination
18 for whether an expungement order should be granted. In
19 determining whether to enter an expungement order after
20 such a petition the judge shall consider the interest of pub-
21 lic knowledge and safety, the conduct and demonstrated
22 desire of the petitioner to be rehabilitated and positively
23 contribute to the community, and the interest of the peti-
24 tioner in having the protected information expunged.

1 “(4) To the extent practicable, each Federal district
2 shall notify each individual whose arrest, conviction, or ad-
3 judication of delinquency has been expunged pursuant to
4 this subsection that their arrest, conviction, or adjudica-
5 tion of juvenile delinquency has been expunged, and the
6 effect of such expungement.”; and

7 (3) by striking “The effect of” and inserting
8 the following:

9 “(5) The effect of”.

10 (f) TREATY COMITY AND CUSTOMS VIOLATIONS AP-
11 PPLICABILITY.—This section 102 of this Act is not meant
12 to alter, change, create rights, or otherwise influence or
13 upset determinations as to admission, exclusion, removal,
14 waiver, denial of entry, or deportation under the Immigra-
15 tion and Nationality Act of 1952 (8 U.S.C. 1101 et seq.),
16 made based on a violation of the laws regarding marijuana
17 of the United States or a signatory nation to 1961 Single
18 Convention on Narcotic Drugs, the 1971 Convention on
19 Psychotropic Substances, the 1972 Protocol Amending the
20 Single Convention on Narcotic Drugs, or the 1988 United
21 Nations Convention Against Illicit Traffic in Narcotic
22 Drugs and Psychotropic Substances, before the enactment
23 of this Act.

1 **SEC. 103. GCA PROVISIONS.**

2 Section 921(a) of title 18, United States Code, is
3 amended by adding at the end the following:

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

9 **TITLE II—REGULATION OF**
10 **MARIJUANA LIKE ALCOHOL**

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

12 (a) **FDA AUTHORITY LIMITS.**—The Food and Drug
13 Administration shall have the same authorities with re-
14 spect to cannabis products that it has with respect to alco-
15 hol and no more.

16 (b) **RULE OF CONSTRUCTION.**—This clause shall not
17 be construed to limit the Food and Drug Administration’s
18 role in regulating designated State medical cannabis prod-
19 ucts, drugs or botanical drugs containing cannabis or its
20 derivatives, cannabis cosmetics, or dietary supplements
21 containing cannabis or its derivatives under part J of sub-
22 chapter V of chapter 9 of title 21 of the United States
23 Code (the Federal Food, Drug, and Cosmetic Act).

1 **SEC. 202. DEPARTMENT OF AGRICULTURE REGULATION OF**
2 **RAW CANNABIS.**

3 (a) USDA TO REGULATE RAW CANNABIS FARM-
4 ING.—The United States Department of Agriculture shall
5 have the sole authority and responsibility to regulate the
6 farming and production of raw cannabis, including, but
7 not limited to, the seeds, mature stalks, and cultivation
8 of raw cannabis as a traditional agricultural commodity.

9 (b) RULEMAKING AUTHORITY AND TIMELINE.—The
10 Secretary of Agriculture, or their designee, in order to
11 bring raw cannabis into line with the treatment of other
12 traditional agricultural commodities, shall implement the
13 Act and enter formal rulemaking according to the fol-
14 lowing schedule:

15 (1) Not later than 30 days after the date of en-
16 actment of this Act, issue in the Federal Register a
17 Notice of Inquiry and Notice of Proposed Rule-
18 making for implementation of the Act, requesting
19 public comment.

20 (2) Not later than 60 days after the date of en-
21 actment of this Act, issue an interim final rule. The
22 Secretary or their designee may be acting on
23 State agricultural plans submitted under section
24 298B of the Agricultural Marketing Act of 1946 (7
25 U.S.C. 1621 et seq.).

1 (3) Not later than 150 days after the date of
2 enactment of this Act, issue a final rule and publish
3 the report called for in subsection (d) of section
4 7606 of the Agricultural Act of 2014 (7 U.S.C.
5 5940).

6 (4) Not later than 180 days after the date of
7 enactment of this Act, begin receiving requests for
8 licenses under this Act and acting on State agricul-
9 tural plans for cannabis under section 298B of the
10 Agricultural Marketing Act of 1946 (7 U.S.C. 1621
11 et seq.).

12 (5) The major rule effective delay period of 60
13 days shall apply to the Final Rule described in para-
14 graph (3), such that the Final Rule described in
15 paragraph (3) is effective 210 days after the date of
16 enactment of this Act.

17 (c) RAW CANNABIS DEFINED; NOT FINISHED CAN-
18 NABIS PRODUCTS.—Raw cannabis refers to marihuana
19 within the meaning of section 801(16) of the Controlled
20 Substances Act (21 U.S.C. 801 et seq.) including, but not
21 limited to, all parts of the plant *cannabis sativa* L., wheth-
22 er growing or not; the seeds thereof, and the mature stalks
23 of the plant. Raw cannabis does not include finished prod-
24 ucts meant for commercial sale as cannabis products regu-
25 lated under title III of the Federal Alcohol Administration

1 Act or designated State medical cannabis products regu-
2 lated under part J of subchapter V of chapter 9 of title
3 21, United States Code, (the Federal Food, Drug, and
4 Cosmetic Act), such as the resin extracted from any part
5 of such plant; and every compound, manufacture, salt, de-
6 rivative, mixture, or preparation of such plant or its resin
7 (or industrial hemp).

8 (d) REVISIONS TO EXISTING REGULATIONS.—Not
9 later than 30 days after the date of enactment of this Act,
10 without regard to the notice and comment provisions of
11 section 553 of title 5, United States Code, the Secretary
12 of Agriculture shall revise part 990 of title 7, Code of Fed-
13 eral Regulations, make any conforming changes that are
14 necessary as a result of this section and the amendments
15 made by this section.

16 (e) RIGHT OF ACTION.—An adversely affected person
17 or business shall have private right of action under the
18 Administrative Procedure Act (5 U.S.C. 500 et seq.) and
19 the Mandamus Act (28 U.S.C. 1361) to compel the Sec-
20 retary or their designated officer, employee or agent of
21 the Department of Agriculture to issue the regulations or
22 undertake and finalize rulemaking required under this Act
23 that are not issued or published within the time frames
24 set forth herein, or to act on applications for the permits
25 or licenses herein required, within the time frames set

1 forth herein, or to enjoin agency action. The exclusive
2 venue for bringing any such action shall be the District
3 Court for the District of Columbia. Upon demonstration
4 of undue delay or failure to adhere strictly to statutory
5 deadlines, or other violations of law and equity, equitable
6 relief in the form of a writ of mandamus compelling action
7 shall issue, among such other relief as the court may see
8 fit.

9 **SEC. 203. ADDITION OF RAW CANNABIS TO CERTAIN AU-**
10 **THORITIES RELATING TO AGRICULTURAL**
11 **PRODUCTION.**

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

15 **“Subtitle H—Raw Cannabis**
16 **Production**

17 **“SEC. 298A. DEFINITIONS.**

18 “In this subtitle:

19 “(1) RAW CANNABIS.—The term ‘raw cannabis’
20 has the same meaning as it is given in section
21 202(3) of the States Reform Act.

22 “(2) INDIAN TRIBE.—The term ‘Indian Tribe’
23 has the meaning given the term in section 4 of the
24 Indian Self-Determination and Education Assistance
25 Act (25 U.S.C. 5304).

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

3 “(4) STATE.—The term ‘State’ means—

4 “(A) a State;

5 “(B) the District of Columbia;

6 “(C) the Commonwealth of Puerto Rico;

7 and

8 “(D) any other territory or possession of
9 the United States.

10 “(5) STATE DEPARTMENT OF AGRICULTURE.—

11 The term ‘State department of agriculture’ means
12 the agency, commission, or department of a State
13 Government responsible for agriculture in the State.

14 “(6) TRIBAL GOVERNMENT.—The term ‘Tribal

15 Government’ means the governing body of an Indian
16 Tribe.

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

18 “(a) SUBMISSION.—

19 “(1) IN GENERAL.—A State or Indian Tribe de-
20 siring to have primary regulatory authority over the
21 production of the raw cannabis in the State or terri-
22 tory of the Indian Tribe shall submit to the Sec-
23 retary, through the State department of agriculture
24 (in consultation with the Governor and chief law en-
25 forcement officer of the State) or the Tribal Govern-

1 ment, as applicable, a plan under which the State or
2 Indian Tribe monitors and regulates that production
3 as described in paragraph (2).

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

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

7 “(i) a practice to maintain relevant in-
8 formation regarding land on which raw
9 cannabis is produced in the State or terri-
10 tory of the Indian Tribe, including a legal
11 description of the land, for a period of not
12 less than 3 calendar years;

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

16 “(iii) a procedure to comply with the
17 enforcement procedures under subsection
18 (d); and

19 “(B) may include any other practice or
20 procedure established by a State or Indian
21 Tribe, as applicable, to the extent that the prac-
22 tice or procedure is consistent with this subtitle.

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

24 “(A) NO PREEMPTION.—Nothing in this
25 subsection preempts or limits any law of a

1 State or Indian Tribe regulating the production
2 of raw cannabis, to the extent that law is con-
3 sistent with this subtitle.

4 “(B) REFERENCES IN PLANS.—A State or
5 Tribal plan referred to in paragraph (1) may
6 include a reference to a law of the State or In-
7 dian Tribe regulating the production of raw
8 cannabis, to the extent that law is consistent
9 with this subtitle.

10 “(b) APPROVAL.—

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

14 “(A) approve the State or Tribal plan if
15 the State or Tribal plan complies with sub-
16 section (a); or

17 “(B) disapprove the State or Tribal plan
18 only if the State or Tribal plan does not comply
19 with subsection (a).

20 “(2) AMENDED PLANS.—If the Secretary dis-
21 approves a State or Tribal plan under paragraph
22 (1)(B), the State, through the State department of
23 agriculture (in consultation with the Governor and
24 chief law enforcement officer of the State) or the
25 Tribal Government, as applicable, may submit to the

1 Secretary an amended State or Tribal plan that
2 complies with subsection (a).

3 “(c) TECHNICAL ASSISTANCE.—The Secretary may
4 provide technical assistance to a State or Indian Tribe in
5 the development of a State or Tribal plan under subsection
6 (a).

7 “(d) VIOLATIONS.—

8 “(1) IN GENERAL.—A violation of a State or
9 Tribal plan approved under subsection (b) shall be
10 subject to enforcement solely in accordance with this
11 subsection.

12 “(2) NEGLIGENT VIOLATIONS.—

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

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

1 “(ii) failing to obtain a license or
2 other required authorization from the
3 State department of agriculture or Tribal
4 Government, as applicable.

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

11 “(i) a reasonable date by which the
12 raw cannabis producer shall correct the
13 negligent violation; and

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

21 “(C) RESULT OF NEGLIGENT VIOLA-
22 TION.—Except as provided in subparagraph
23 (D), a raw cannabis producer that negligently
24 violates a State or Tribal plan under subpara-
25 graph (A) shall not be subject to any criminal

1 or civil enforcement action by the Federal Gov-
2 ernment or any State Government, Tribal Gov-
3 ernment, or local government other than the en-
4 forcement action authorized under subpara-
5 graph (B).

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

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

20 “(A) the State department of agriculture
21 or Tribal Government, as applicable, shall im-
22 mediately report the raw cannabis producer
23 to—

24 “(i) the Secretary of Agriculture; and

1 “(ii) in the case of a State department
2 of agriculture, the chief agricultural official
3 of the State; and

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

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

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

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

15 “(a) DEPARTMENT OF AGRICULTURE PLAN.—

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

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

1 “(A) a practice to maintain relevant infor-
2 mation regarding land on which raw cannabis is
3 produced in the State or territory of the Indian
4 Tribe, including a legal description of the land,
5 for a period of not less than 3 calendar years;

6 “(B) a procedure for the effective disposal
7 of—

8 “(i) plants, whether growing or not,
9 that are produced in violation of this sub-
10 title; and

11 “(ii) products derived from those
12 plants;

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

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

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

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

4 “(c) VIOLATIONS.—

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

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

18 **“SEC. 298D. AUTHORITY TO ISSUE REGULATIONS AND**
19 **GUIDELINES.**

20 “(a) SECRETARY OF AGRICULTURE SOLE AUTHOR-
21 ITY.—The Secretary shall have sole authority and respon-
22 sibility to issue Federal regulations and guidelines that re-
23 late to the production of raw cannabis, including Federal
24 regulations and guidelines that relate to the implementa-
25 tion of section 298B.

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

19 (b) FUNDING FOR RAW CANNABIS RESEARCH.—

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

1 1946))” and by inserting “(including hemp and raw
2 cannabis (as defined in sections 297A and 298A of
3 the Agricultural Marketing Act of 1946, respec-
4 tively))” after “material”.

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

14 (c) LEGITIMACY OF RAW CANNABIS RESEARCH.—
15 Section 7606 of the Agricultural Act of 2014 (7 U.S.C.
16 5940) is amended—

17 (1) in subsection (b), by inserting “or raw can-
18 nabis” after each appearance of “hemp” in sub-
19 section (b); and

20 (2) by adding at the end the following:

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

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

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

3 “(c) CANNABIS REGULATION.—

4 “(1) The Secretary of the Treasury, acting
5 through the Alcohol and Tobacco Tax and Trade
6 Bureau of the Department of the Treasury shall
7 have primary authority regarding Federal regulation
8 of the interstate and international trade in, and pro-
9 motion, sale, and distribution of, cannabis products,
10 under the terms of the Administrative Procedure Act
11 (5 U.S.C. 500 et seq.).

12 “(2) The Secretary shall not later than 30 days
13 after the date of enactment of this Act—

14 “(A) issue in the Federal Register a Notice
15 of Inquiry and Notice of Proposed Rulemaking
16 for implementation of the Act, requesting public
17 comment on the promotion, sale, and distribu-
18 tion of, cannabis products; and

19 “(B) issue emergency rules preventing ad-
20 vertising of Cannabis Products to underage
21 youth.

22 “(3) The Secretary shall, not later than 60 days
23 after the date of enactment of this Act, issue an in-
24 terim final rule regarding the promotion, sale, and
25 distribution of cannabis under this Act and a draft

1 application form for permits under title III of the
2 Federal Alcohol Administration Act.

3 “(4) The Secretary shall, not later than 150
4 days after the date of enactment of this Act, issue
5 a final rule regarding the promotion, sale, and dis-
6 tribution of cannabis under this Act. The Secretary
7 may begin receiving permit applications at that time.

8 “(5) The Secretary shall, not later than 180
9 days after the date of enactment of this Act, begin
10 receiving requests for licenses under this Act and
11 acting on State agricultural plans for cannabis
12 under section 298B of the Agricultural Marketing
13 Act of 1946 (7 U.S.C. 1621 et seq.).

14 “(6) The major rule effective delay period of 60
15 days shall apply to the Final Rule described in para-
16 graph (3), such that the Final Rule described in
17 paragraph (3) is effective 210 days after the date of
18 enactment of this Act.

19 “(7) The Secretary shall expeditiously develop
20 and implement a track-and-trace system for can-
21 nabis in interstate commerce.

22 “(8) Not later than 1 year after the date of en-
23 actment of this Act, the Secretary shall publish an
24 interim final rule, and not later than 2 years after
25 such date of enactment the Secretary shall finalize

1 regulations regarding the promotion, sale, and dis-
2 tribution of cannabis products that occur through
3 means other than a direct, face-to-face exchange be-
4 tween a retailer and a consumer, in order to prevent
5 the sale and distribution of cannabis products to in-
6 dividuals who have not attained the age of 21, in-
7 cluding requirements for age verification.

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

14 (3) VICTIMS OF TRAFFICKING AND VIOLENCE
15 PROTECTION ACT OF 2000.—Section 2 of the Victims
16 of Trafficking and Violence Protection Act of 2000
17 (27 U.S.C. 122a) is amended—

18 (A) in subsection (a)—

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

22 (ii) by inserting after paragraph (2)
23 the following new paragraph:

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

4 (B) in subsections (b) and (c), by inserting
5 “or marijuana” after “intoxicating liquor” each
6 place it appears.

7 **SEC. 205. TRANSFERRING AGENCY FUNCTIONS WITH RE-**
8 **GARD TO MARIJUANA.**

9 (a) **TRANSFER OF JURISDICTION FROM DRUG EN-**
10 **FORCEMENT ADMINISTRATION TO BUREAU OF ALCOHOL,**
11 **TOBACCO, FIREARMS AND EXPLOSIVES.**—The functions
12 of the Attorney General, acting through the Administrator
13 of the Drug Enforcement Administration relating to can-
14 nabis enforcement, shall hereafter be administered by the
15 Attorney General, acting through the Director of the Bu-
16 reau of Alcohol, Tobacco, Firearms and Explosives.

17 (b) **REDESIGNATION OF BUREAU OF ALCOHOL, TO-**
18 **BACCO, FIREARMS AND EXPLOSIVES AS BUREAU OF AL-**
19 **COHOL, TOBACCO, CANNABIS, FIREARMS AND EXPLO-**
20 **SIVES.**—

21 (1) **REDESIGNATION.**—The Bureau of Alcohol,
22 Tobacco, Firearms and Explosives is hereby re-
23 named the “Bureau of Alcohol, Tobacco, Cannabis,
24 Firearms and Explosives”.

1 (2) REFERENCES.—Any reference to the Bu-
2 reau of Alcohol, Tobacco, Firearms and Explosives
3 in any law, regulation, map, document, record, or
4 other paper of the United States shall be deemed to
5 be a reference to the Bureau of Alcohol, Tobacco,
6 Cannabis, Firearms and Explosives.

7 (c) REDESIGNATION OF ALCOHOL AND TOBACCO
8 TAX AND TRADE BUREAU AS ALCOHOL, TOBACCO, AND
9 CANNABIS TAX AND TRADE BUREAU.—

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

15 (2) REFERENCES.—Any reference to the Tax
16 and Trade Bureau or the Alcohol and Tobacco Tax
17 and Trade Bureau in any law, regulation, map, doc-
18 ument, record, or other paper of the United States
19 shall be deemed to be a reference to the Alcohol, To-
20 bacco, and Cannabis Tax and Trade Bureau.

21 **SEC. 206. TRANSITION SAFE HARBOR AND ADMINISTRA-**
22 **TIVE REMEDIES.**

23 (a) SAFE HARBOR.—No person shall be deemed to
24 be in violation of this Act for engaging in interstate com-
25 merce in cannabis products or designated State medical

1 cannabis products, possessing cannabis products or des-
2 ignated State medical cannabis products, producing or
3 manufacturing cannabis products or designated State
4 medical cannabis products, or farming raw cannabis, until
5 after the Secretary of the Treasury promulgates final reg-
6 ulations in accordance with this Act. Nothing in this sec-
7 tion shall be construed to impact in any respect obligations
8 of any person to comply with otherwise applicable can-
9 nabis laws of the State, Territory, or Possession of the
10 United States in which they are doing business before the
11 effective date of this Act.

12 (b) PRIVATE RIGHT OF ACTION.—Any State-licensed
13 cannabis business or adversely affected person shall have
14 private right of action under the Administrative Procedure
15 Act (5 U.S.C. 500 et seq.) and the Mandamus Act (28
16 U.S.C. 1361) to compel any officer, employee or agency
17 of the United States to promulgate regulations required
18 under this Act that are not promulgated within the time
19 frames set forth herein or to enjoin agency action. The
20 exclusive venue for bringing any such action shall be the
21 District Court for the District of Columbia. Upon dem-
22 onstration of undue delay or failure to adhere strictly to
23 statutory deadlines, equitable relief in the form of a writ
24 of mandamus compelling action shall issue, among such
25 other relief as the court may see fit.

1 (c) The term “State” as used in this section 206 in-
2 cludes the District of Columbia, Puerto Rico, and any
3 commonwealth, territory, enclave, or Indian Tribe of the
4 United States.

5 **SEC. 207. UNFAIR ADVERTISING PRACTICES AND 21 AGE**
6 **LIMIT.**

7 (a) IN GENERAL.—It shall be unlawful for any per-
8 son engaged in the business of importing marijuana into
9 the United States, or cultivating, producing, manufac-
10 turing, packaging, or warehousing marijuana, or pur-
11 chasing marijuana for resale at wholesale, directly or indi-
12 rectly or through an affiliate, to publish or disseminate
13 or cause to be published or disseminated by radio broad-
14 cast, or in any newspaper, periodical or other publication
15 or by any sign or outdoor advertisement or any other
16 printed or graphic matter, any advertisement of mari-
17 juana, if such advertisement is in, or is calculated to in-
18 duce sales in, interstate or foreign commerce, or is dis-
19 seminated by mail, unless such advertisement is in con-
20 formity with such regulations, to be prescribed by the Sec-
21 retary of the Treasury, or the Secretary’s delegate (re-
22 ferred to in this section as the “Secretary”), as will—

23 (1) prevent deception of the consumer with re-
24 spect to the products advertised and as will prohibit,
25 irrespective of falsity, such statements relating to

1 manufacturing processes, analyses, guaranties, and
2 scientific or irrelevant matters as the Secretary finds
3 to be likely to mislead the consumer;

4 (2) provide the consumer with adequate infor-
5 mation as to the identity and quality of the products
6 advertised, the characteristics thereof, and the per-
7 son responsible for the advertisement;

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

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

13 (b) NONAPPLICATION TO PUBLISHERS AND BROAD-
14 CASTERS.—The prohibitions of this section and regula-
15 tions thereunder shall not apply to the publisher of any
16 newspaper, periodical, or other publication, or radio broad-
17 caster, or provider of an interactive computer service with-
18 in the meaning of the Communications Decency Act (47
19 U.S.C. 230 et seq.), unless such publisher or radio broad-
20 caster is engaged in the business of importing marijuana
21 into the United States, or cultivating, producing, manufac-
22 turing, packaging, or warehousing marijuana, or pur-
23 chasing marijuana for resale at wholesale, directly or indi-
24 rectly or through an affiliate.

1 (c) PROTECT KIDS.—Not later than 30 days after the
2 date of enactment of this Act, the Secretary of the Treas-
3 ury shall promulgate regulations that—

4 (1) require restrictions on the advertising and
5 promotion of products related to cannabis, if the
6 Secretary determines that such regulation would be
7 appropriate for the protection of the public health,
8 taking into account—

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

12 (B) the increased or decreased likelihood
13 that existing users of cannabis products who
14 are age 18 and under will stop using such prod-
15 ucts; and

16 (C) the increased or decreased likelihood
17 that individuals age 21 and under who do not
18 use cannabis products will start using such
19 products; and

20 (2) impose restrictions on the advertising and
21 promotion of products related to cannabis consistent
22 with and to the full extent permitted by the First
23 Amendment to the Constitution of the United
24 States.

1 (d) ESTABLISHMENT OF FEDERAL MINIMUM CAN-
2 NABIS AGE.—Chapter 1 of title 23 of the United States
3 Code, is amended by adding at the end the following (and
4 conforming the table of sections accordingly):

5 **“SEC. 191. WITHHOLDING OF FUNDS FOR NONCOMPLIANCE.**

6 “(a) IN GENERAL.—The Secretary of Transportation
7 shall withhold 8 per centum of the amount required to
8 be apportioned to any State under each of sections
9 104(b)(1), 104(b)(3), and 104(b)(4) of title 23 of the
10 United States Code on the first day of each fiscal year
11 after the second fiscal year beginning after September 30,
12 2019, in which the purchase or public possession in such
13 State of cannabis by a person who is less than twenty-
14 one years of age is lawful.

15 “(b) EFFECT OF WITHHOLDING OF FUNDS.—No
16 funds withheld under this section from apportionment to
17 any State after September 30, 2019, shall be available for
18 apportionment to that State.

19 “(c) CANNABIS DEFINED.—As used in this section,
20 the term ‘cannabis’ means the same as ‘marihuana’ as de-
21 fined in section 102(16) of the Controlled Substances Act
22 (21 U.S.C. 802(16)).

23 “(d) MEDICAL EXCEPTION.—The Secretary shall not
24 apply any withholding under this section to States that
25 lawfully permit the use of designated State medical can-

1 nabis products, within the meaning of part J of sub-
 2 chapter V of chapter 9 of title 21, United States Code,
 3 (the Federal Food, Drug, and Cosmetic Act), by persons
 4 under the age of 21 on the recommendation or prescrip-
 5 tion of a qualified medical professional consistent with
 6 State law.”.

7 **SEC. 208. FEDERAL CANNABIS ADMINISTRATION UNDER**
 8 **THE FEDERAL ALCOHOL ADMINISTRATION**
 9 **ACT.**

10 The Federal Alcohol Administration Act (27 U.S.C.
 11 201 et seq.) is amended by adding at the end the fol-
 12 lowing:

13 **“TITLE III—CANNABIS**

“Sec. 301. Unlawful business without cannabis permit.

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

“Sec. 303. Definitions.

14 **“SEC. 301. UNLAWFUL BUSINESS WITHOUT CANNABIS PER-**
 15 **MIT.**

16 “In order to regulate effectively interstate and for-
 17 eign commerce in cannabis and to protect the revenue and
 18 enforce the postal laws with respect to cannabis:

19 “(a) IN GENERAL.—Notwithstanding section 205 of
 20 the States Reform Act, every person, before commencing
 21 commerce in cannabis, and at such other time as the Sec-
 22 retary shall by regulation prescribe, shall make application
 23 for the permit provided for in section 302. The application
 24 shall be in such form as the Secretary shall prescribe and

1 shall set forth, truthfully and accurately, the information
2 called for on the form.

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

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

9 “(2) for any person so engaged to sell, offer or
10 deliver for sale, contract to sell, or ship, in interstate
11 or foreign commerce, directly or indirectly or
12 through an affiliate, cannabis so imported.

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

16 “(1) to engage in the business of producing,
17 manufacturing, packaging, or warehousing cannabis;
18 or

19 “(2) for any person so engaged to sell, offer or
20 deliver for sale, contract to sell, or ship, in interstate
21 or foreign commerce, directly or indirectly or
22 through an affiliate, cannabis so produced, manufac-
23 tured, packaged, or warehoused.

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

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

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

7 “(e) REMEDIES FOR VIOLATIONS.—

8 “(1) CIVIL FINE.—

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

11 “(B) SETTLEMENT IN COMPROMISE.—The
12 Secretary may decide not to refer a violation of
13 this section to the Attorney General for pros-
14 ecution but instead to collect a payment from
15 the violator of no more than \$500 for that vio-
16 lation.

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

20 **“SEC. 302. PROCEDURE FOR ISSUANCE OF CANNABIS PER-
21 MIT.**

22 “(a) WHO ENTITLED TO PERMIT.—

23 “(1) GENERALLY.—The Secretary shall issue a
24 permit for operations requiring a permit under sec-

1 tion 301, and the applicant shall be entitled to such,
2 unless the Secretary finds that—

3 “(A) the applicant (or if the applicant is a
4 corporation, any of its officers, directors, or
5 principal stockholders) has, prior to the date of
6 application, been convicted of a disqualifying of-
7 fense;

8 “(B) the applicant is, by reason of busi-
9 ness experience, financial standing, or trade
10 connections, not likely to commence operations
11 within a reasonable period or to maintain such
12 operations in conformity with Federal law;

13 “(C) that the operations proposed to be
14 conducted by the applicant are in violation of
15 the law of the State in which they are to be
16 conducted; or

17 “(D) the applicant has failed to disclose
18 any material information required or made any
19 material false statement in the application
20 therefor.

21 “(2) DISQUALIFYING OFFENSES.—For the pur-
22 poses of paragraph (1):

23 “(A) GENERALLY.—Except as provided for
24 in subparagraph (B), a disqualifying offense is

1 an offense related to the production, consump-
2 tion, or sale of marijuana that is—

3 “(i) a felony under Federal or State
4 law, if the conviction occurred not later
5 than 3 years before the date of application;
6 or

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

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

13 “(i) was legal under State law in the
14 State when and where the conduct took
15 place; or

16 “(ii) is as of the date of the applica-
17 tion, no longer an offense in that State.

18 “(C) STATE SECOND CHANCES PRACTICES
19 SAFE HARBOR.—A State has examined the of-
20 fense or offenses in question, or is in the proc-
21 ess of examining, for the issuance of a State li-
22 cense to engage in cannabis commerce, and has
23 awarded the applicant a State license to engage
24 in cannabis commerce.

1 “(3) GRANDFATHERING AND PROSPECTIVE
2 COMITY FOR STATE LICENSURE.—

3 “(A) GRANDFATHERING.—Any person li-
4 censed by a State cannabis regulatory authority
5 before the passage of this Act to produce, ware-
6 house, distribute or otherwise transport can-
7 nabis products, and in good standing with that
8 regulatory authority, shall be issued necessary
9 Federal permits, licenses, or the like to engage
10 in federally regulated commerce upon applica-
11 tion for the same to the Alcohol and Tobacco
12 Tax and Trade Bureau of the Department of
13 the Treasury.

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

23 “(C) RULE OF CONSTRUCTION.—Nothing
24 in this Act, or the lawful exercise of rights or
25 privileges granted herein, shall be construed to

1 infringe upon or prejudice the ability of a State-
2 licensed cannabis business to apply for a permit
3 to engage in interstate or foreign commerce.

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

20 “(c) FORM OF APPLICATION.—

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

22 “(A) prescribe within 60 days of the effec-
23 tive date of this Act, and consistent with the
24 Paperwork Reduction Act, the manner and
25 form of all applications for permits under this

1 title (including the facts to be set forth there-
2 in);

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

4 “(C) specify in any permit the authority
5 conferred by the permit and the conditions of
6 that permit in accordance with this title.

7 “(2) SEPARATE TYPES OF APPLICATIONS AND
8 PERMITS.—To the extent deemed necessary by the
9 Secretary for the efficient administration of this
10 title, the Secretary may require separate applications
11 and permits with respect to the various classes of
12 cannabis, and with respect to the various classes of
13 persons entitled to permits under this title.

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

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

19 “(1) COMPLIANCE.—Compliance with all appli-
20 cable Federal laws relating to production, sale and
21 consumption of cannabis, as well as compliance with
22 all applicable State laws relating to said activities in
23 the State in which the permit applicant resides and
24 does business.

1 “(2) USER FEE.—Payment to the Secretary of
2 a reasonable permit fee in an amount determined by
3 the Secretary to be sufficient collectively over time
4 to offset the cost of implementing and overseeing all
5 aspects of cannabis regulation by the Federal Gov-
6 ernment. For the first 3 years following promulga-
7 tion of regulations by the Secretary under section
8 204 of the States Reform Act, in order to ensure
9 small business access, such fee may not exceed
10 \$10,000 per permit.

11 “(3) SBA FEE WAIVER.—The Secretary shall
12 waive the user fee for an applicant that is a small
13 business or a socially and economically disadvan-
14 taged business that is a business within the meaning
15 of the Small Business Act of 1953 (15 U.S.C. chap-
16 ter 14A), as interpreted by the Administrator of the
17 Small Business Administration.

18 “(e) REVOCATION, SUSPENSION, AND ANNUL-
19 MENT.—

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

24 “(A) revoked or suspended for such period
25 as the Secretary deems appropriate, if the Sec-

1 retary finds that the permittee has willfully vio-
2 lated any of the conditions of the permit, but
3 for a first violation of the conditions the permit
4 shall be subject to suspension only;

5 “(B) be revoked if the Secretary finds that
6 the permittee has not engaged in the operations
7 authorized by the permit for a period of more
8 than 2 years; or

9 “(C) be annulled if the Secretary finds
10 that the permit was procured through fraud, or
11 misrepresentation, or concealment of material
12 fact.

13 “(2) ORDER TO STATE BASIS FOR ORDER.—
14 The order shall state the findings that are the basis
15 for the order.

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

20 “(1) in person by any officer or employee of the
21 Secretary designated by the Secretary or any inter-
22 nal revenue or customs officer authorized by the
23 Secretary for the purpose; or

1 “(2) by mailing the order by registered mail,
2 addressed to the applicant or respondent at their
3 last known address in the records of the Secretary.

4 “(g) PROCEEDINGS.—The provisions of 27 CFR part
5 200—Rules of Practice in Permit Proceedings, as amend-
6 ed from time to time, shall be applicable to the jurisdic-
7 tion, powers, and duties of the Secretary of the Treasury
8 under this section.

9 “(h) DURATION.—

10 “(1) GENERAL RULE.—Except as otherwise
11 provided in this subsection, a permit issued under
12 this title shall continue in effect until suspended, re-
13 voked, or annulled as provided in this title, or volun-
14 tarily surrendered.

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

24 “(3) DEFINITION OF TRANSFER.—For the pur-
25 poses of this section, the term ‘transfer’ means any

1 change of ownership or control, whether voluntary or
2 by operation of law.

3 “(i) APPEAL AND JUDICIAL REVIEW.—

4 “(1) IN GENERAL.—An appeal may be taken by
5 the permittee or applicant for a permit from any
6 order of the Secretary of the Treasury denying an
7 application for, or suspending, revoking, or annul-
8 ling, a basic permit. Such appeal shall be taken by
9 filing, in the court of appeals of the United States
10 within any circuit wherein such person resides or
11 has their principal place of business, or in the
12 United States Court of Appeals for the District of
13 Columbia, within 60 days after the entry of such
14 order, a written petition praying that the order of
15 the Secretary be modified or set aside in whole or
16 in part. A copy of such petition shall be forthwith
17 transmitted by the clerk of the court to the Sec-
18 retary, or any officer designated by the Secretary for
19 that purpose, and thereupon the Secretary shall file
20 in the court the record upon which the order com-
21 plained of was entered, as provided in section 2112
22 of title 28. Upon the filing of such petition such
23 court shall have exclusive jurisdiction to affirm,
24 modify, or set aside such order, in whole or in part.
25 No objection to the order of the Secretary shall be

1 considered by the court unless such objection shall
2 have been urged before the Secretary or unless there
3 were reasonable grounds for failure so to do. The
4 finding of the Secretary as to the facts, if supported
5 by substantial evidence, shall be conclusive. If any
6 party shall apply to the court for leave to adduce ad-
7 ditional evidence, and shall show to the satisfaction
8 of the court that such additional evidence is material
9 and that there were reasonable grounds for failure
10 to adduce such evidence in the proceeding before the
11 Secretary, the court may order such additional evi-
12 dence to be taken before the Secretary and to be ad-
13 duced upon the hearing in such manner and upon
14 such terms and conditions as to the court may seem
15 proper. The Secretary may modify their findings as
16 to the facts by reason of the additional evidence so
17 taken, and they shall file with the court such modi-
18 fied or new findings, which, if supported by substan-
19 tial evidence, shall be conclusive, and their rec-
20 ommendation, if any, for the modification or setting
21 aside of the original order. The judgment and decree
22 of the court affirming, modifying, or setting aside, in
23 whole or in part, any such order of the Secretary
24 shall be final, subject to review by the Supreme
25 Court of the United States upon certiorari or certifi-

1 cation as provided in section 1254 of title 28. The
2 commencement of proceedings under this subsection
3 shall, unless specifically ordered by the court to the
4 contrary, operate as a stay of the Secretary's order.
5 These proceedings shall be subject to the require-
6 ments of the Administrative Procedure Act (5
7 U.S.C. 500 et seq.). Should the permittee substan-
8 tially prevail, such permittee shall be entitled to at-
9 torneys' fees and costs associated with compelling a
10 decision under this section.

11 “(2) ADDITIONAL APPLICANT MANDAMUS REM-
12 EDY.—Should the Secretary fail to make a permit
13 application decision within ninety days of submission
14 of a completed application, an applicant shall have
15 the right to compel a decision and issuance of a per-
16 mit pursuant to section 1361 of title 28, United
17 States Code, in any United States district court
18 where the applicant resides or does business or in
19 the United States District Court for the District of
20 Columbia. Should the applicant substantially prevail,
21 such applicant shall be entitled to attorneys' fees
22 and costs associated with compelling a decision
23 under this section. Such mandamus remedy shall be
24 in addition to any other remedies available to appli-
25 cants under the Administrative Procedure Act.

1 “(j) STATUTE OF LIMITATIONS.—

2 “(1) IN GENERAL.—No proceeding for the sus-
3 pension or revocation of a permit for violation of any
4 condition thereof relating to compliance with Federal
5 law shall be instituted by the Secretary more than
6 18 months after conviction of the violation of Fed-
7 eral law, or, if no conviction has been had, more
8 than 3 years after the violation occurred.

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

14 “(k) PERMIT APPLICATION.—

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

21 “(2) CONFIDENTIALITY.—All financial informa-
22 tion submitted by a permit applicant in connection
23 with an application shall be deemed confidential
24 business information and exempt from disclosure
25 under the Freedom of Information Act.

1 “(3) INCOMPLETE OR INCORRECTLY EXECUTED
2 APPLICATIONS.—Incomplete or incorrectly executed
3 applications will not be acted upon, but the applicant
4 shall be entitled to file a new application without
5 prejudice, or to complete the application already
6 filed. The Secretary shall notify the applicant of
7 such defects in the application within 90 days of ap-
8 plication or within 10 days of the discovery of the
9 defect after the first 30 days following the filing of
10 the application.

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

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

1 “(6) DEADLINE.—Within 90 days of receipt of
2 an application, the Secretary or their designee must
3 notify the applicant whether the application has been
4 approved or denied. This 90-day period may be ex-
5 tended once, by an additional 90 days, if the Sec-
6 retary or their designee finds that unusual cir-
7 cumstances require additional time to consider the
8 issues presented by an application. If the Secretary
9 or the appropriate designee extends the period, he or
10 she must notify the applicant by letter, along with
11 a brief explanation of the unusual circumstances
12 causing the time period for consideration of the ap-
13 plication to be extended. If the applicant receives no
14 decision from the Secretary or their designee within
15 the time periods set forth in this paragraph, the ap-
16 plicant may file a mandamus action as provided for
17 in this section.

18 **“SEC. 303. DEFINITIONS.**

19 “In this title—

20 “(1) the term ‘marijuana’ or ‘cannabis’ has the
21 same meaning given the term ‘marihuana’ in section
22 102 of the Controlled Substances Act (21 U.S.C.
23 121); and

24 “(2) the term ‘State’ includes the District of
25 Columbia, Puerto Rico, and any commonwealth, ter-

1 ritory, enclave, Indian Tribe, or possession of the
2 United States.”.

3 **TITLE III—DESIGNATED STATE**
4 **MEDICAL CANNABIS PROD-**
5 **UCT SAFETY ACT**

6 **SEC. 301. GRANDFATHERING OF STATE MEDICAL CANNABIS**
7 **PRODUCTS INTO INTERSTATE COMMERCE.**

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

11 **“PART J—DESIGNATED STATE MEDICAL**
12 **CANNABIS PRODUCTS**

“Sec. 360ggg. Definitions.

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

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

“Sec. 360ggg-3. Cannabis cosmetics.

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

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

13 **“SEC. 360ggg. DEFINITIONS.**

14 “In this part:

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

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

1 “(B) means any other article that contains
2 either ‘marihuana’, as defined in section 102 of
3 the Controlled Substances Act, deemed appro-
4 priate by the Secretary, after taking into ac-
5 count any investigational new drug application
6 or investigational new animal drug application
7 for the same medical cannabis product sub-
8 mitted in accordance with regulations applicable
9 to such applications in title 21 of the Code of
10 Federal Regulations, unless any period of exclu-
11 sivity for a new drug under section
12 355(c)(3)(E)(ii) of this title or section
13 355(j)(5)(F)(ii) of this title, or the extension of
14 any such period under section 355a of this title,
15 or any period of exclusivity for a new animal
16 drug under section 360b(c)(2)(F) of this title,
17 applicable to such medical cannabis product has
18 not expired;

19 “(C) means any article that contains either
20 ‘marihuana’, as defined in section 102(16) of
21 the Controlled Substances Act, that also meets
22 the standards set forth in an official compen-
23 dium; and

24 “(D) does not mean articles or cannabis
25 products produced and intended for nonmedical

1 use, such as those regulated under title III of
2 the Federal Alcohol Administration Act (27
3 U.S.C. 201 et seq.).

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

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

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

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

16 “(1) **SUBMISSION.**—Beginning 210 days after
17 the effective date of this Act, any person who seeks
18 to initially introduce or deliver for introduction a
19 designated State medical cannabis product into
20 interstate commerce may file with the Secretary a
21 request for certification as a designated State med-
22 ical cannabis product. Any such request shall con-
23 tain the following information:

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

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

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

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

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

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

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

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

3 “(3) EFFECT OF CERTIFICATION.—

4 “(A) IN GENERAL.—

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

16 “(I) The treatment of arthritis.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

23 “(B) LABELING.—For medical cannabis
24 products provided pursuant to subparagraph

1 (A), the Secretary shall issue labeling require-
2 ments in accord with section 7 of this Act.

3 “(6) NO DRUG PRECLUSION.—Notwithstanding
4 any other law, section 301(ll) of the Federal Food,
5 Drug, and Cosmetic Act, the ‘drug preclusion’ rule,
6 shall not apply to ‘marihuana’, as defined in section
7 102(16) of the Controlled Substances Act. Notwith-
8 standing any other Federal law or provision of the
9 Federal Food, Drug, and Cosmetic Act, the Food
10 and Drug Administration shall treat cannabis with-
11 out respect to the doctrine of drug preclusion. Noth-
12 ing in this provision is meant to diminish or other-
13 wise affect the ability of the Food and Drug Admin-
14 istration to regulate drug products (as defined in
15 section 201(g) of the Federal Food, Drug, and Cos-
16 metic Act), including those containing ‘marihuana’,
17 (as defined in section 102(16) of the Controlled Sub-
18 stances Act) that are intended and marketed for use
19 as a ‘drug’ rather than a ‘designated State medical
20 cannabis product’.

21 “(7) RULEMAKING AUTHORITY AND
22 TIMELINE.—The Commissioner of the Food and
23 Drug Administration, or their designee, shall imple-
24 ment the Act and enter formal rulemaking, con-
25 sistent with the Administrative Procedure Act (5

1 U.S.C. 500 et seq.), according to the following
2 schedule:

3 “(A) Not later than 30 days after the date
4 of enactment of this Act, publish in the Federal
5 Register a Notice of Inquiry and Notice of Pro-
6 posed Rulemaking for implementation of the
7 Act, requesting public comment.

8 “(B) Not later than 60 days after the date
9 of enactment of this Act—

10 “(i) issue an interim final rule for im-
11 plementation and labeling regulations for
12 certification of designated State products,
13 and dietary supplements, food additives,
14 cosmetics, and topicals containing can-
15 nabis; and

16 “(ii) publish a draft form of the Re-
17 quest for Certification form for designated
18 State medical products.

19 “(C) Not later than 150 days after the
20 date of enactment of this Act, issue a final rule
21 for implementation and labeling regulations for
22 certification of designated State products, and
23 dietary supplements, food additives, cosmetics,
24 and topicals containing cannabis. The Commis-
25 sioner or their designee may begin receiving re-

1 quests for Certification of designated State
2 medical cannabis products, and applications,
3 notifications, and the like, for dietary supple-
4 ments, food additives, cosmetics, and topicals
5 containing cannabis.

6 “(D) Not later than 180 days after the
7 date of enactment of this Act, the Commis-
8 sioner or their designee shall begin receiving
9 Requests for Certification of designated State
10 medical cannabis products, and applications,
11 notifications, and the like, for dietary supple-
12 ments, food additives, cosmetics, and topicals
13 containing cannabis.

14 “(E) The major rule effective delay period
15 of 60 days shall apply to the Final Rule de-
16 scribed in subparagraph (C), such that the
17 Final Rule described in subparagraph (C) is ef-
18 fective 210 days after the date of enactment of
19 this Act.

20 **“SEC. 360ggg-2. CANNABIS-INFUSED FOODS, BEVERAGES,**
21 **AND SUPPLEMENTS.**

22 “(a) NO SUPPLEMENT/ADDITIVE PRECLUSION.—
23 Notwithstanding any other law, section 201(s)(6) of the
24 Federal Food, Drug, and Cosmetic Act shall not apply to
25 ‘marihuana’, as defined in section 102(16) of the Con-

1 trolled Substances Act, nor to ‘industrial hemp’, as de-
2 fined in section 297A of the Agricultural Marketing Act
3 of 1946 (7 U.S.C. 1639o). Notwithstanding any other
4 Federal law or provision of the Federal Food, Drug, and
5 Cosmetic Act, the Food and Drug Administration shall
6 treat cannabis without respect to the doctrine of dietary
7 supplement and food additive preclusion.

8 “(b) CANNABIS-INFUSED DIETARY SUPPLEMENTS;
9 CLASSIFICATION AS OLD DIETARY INGREDIENT.—Not-
10 withstanding any other law, ‘marihuana’, as defined in
11 section 102(16) of the Controlled Substances Act, and ‘in-
12 dustrial hemp’, as defined in section 297A of the Agricul-
13 tural Marketing Act of 1946 (7 U.S.C. 1639o), shall be
14 deemed to have been marketed in the United States as
15 a dietary ingredient before October 15, 1994 for the pur-
16 poses of subsections (a) and (d) of section 413 of the Fed-
17 eral Food, Drug, and Cosmetic Act.

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

1 individual cannabinoid extracts used as dietary sup-
2 plements.

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

6 “(c) CANNABIS-INFUSED FOODS AND BEVERAGES;
7 CLASSIFICATION AS GENERALLY SAFE THROUGH COM-
8 MON EXPERIENCE.—Notwithstanding any other law,
9 ‘marihuana’, as defined in section 102(16) of the Con-
10 trolled Substances Act, or ‘industrial hemp’, as defined in
11 section 297A of the Agricultural Marketing Act of 1946
12 (7 U.S.C. 1639o), shall be deemed to be generally recog-
13 nized as safe through experience based on common use
14 in food prior to January 1, 1958, for the purposes of sec-
15 tion 201(s) of the Federal Food, Drug, and Cosmetic Act
16 and 21 CFR 170.30(a). Cannabis-infused foods and bev-
17 erages, unless a designated State medical cannabis prod-
18 uct, shall be considered as regulated under title III of the
19 Federal Alcohol Administration Act (27 U.S.C. 201 et
20 seq.).

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

1 ard serving size and further clarifying conditions of
2 intended use of whole-plant cannabis extracts and
3 individual cannabinoid extracts used as food addi-
4 tives.

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

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

9 “(a) CANNABIS ALLOWED IN COSMETICS, ‘SAFE’.—
10 The use of ‘marihuana’, as defined in section 201(s)(6)
11 of the Federal Food, Drug, and Cosmetic Act, and ‘indus-
12 trial hemp’, as defined in section 297A of the Agricultural
13 Marketing Act of 1946 (7 U.S.C. 1639o), alone in cos-
14 metic products shall not cause a cosmetic to be adulterated
15 within the meaning of subsections (a) through (e) of sec-
16 tion 601 of the Federal Food, Drug, and Cosmetic Act
17 provided that it is properly labeled and branded within the
18 meaning of chapter 6 of title 21, United States Code, gen-
19 erally.

20 “(1) Within 30 days of the passage of this Act,
21 the Food and Drug Administration shall promulgate
22 an interim final rule and undertake rulemaking
23 under the Administrative Procedure Act (5 U.S.C.
24 500 et seq.) to effectuate this provision.

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

4 “(b) **RULE OF CONSTRUCTION.**—Notwithstanding
5 section 360ggg-3(a) of this title, any cosmetic containing
6 ‘marihuana’, as defined in section 102(16) of the Con-
7 trolled Substances Act, and ‘industrial hemp’, as defined
8 in section 297A of the Agricultural Marketing Act of 1946
9 (7 U.S.C. 1639o), including any extract thereof, where the
10 cannabis component actually renders it a poisonous or del-
11 eterious substance, injurious to users under the conditions
12 of use prescribed in the labeling thereof, or under such
13 conditions of use as are customary or usual, may be con-
14 sidered adulterated within the meaning of section 601 of
15 the Federal Food, Drug, and Cosmetic Act and/or mis-
16 branded under section 106(4) of the Federal Food, Drug,
17 and Cosmetic Act.

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

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

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

3 “(a) RIGHT OF ACTION.—An adversely affected per-
4 son or business shall have private right of action under
5 the Administrative Procedure Act (5 U.S.C. 500 et seq.)
6 and the Mandamus Act (28 U.S.C. 1361) to compel the
7 Administrator or any other officer, employee or agent of
8 the Food and Drug Administration to promulgate regula-
9 tions or undertake and finalize rulemaking required under
10 this Act that are not promulgated or published within the
11 time frames set forth herein, or to provide the certification
12 of designated State medical cannabis products within the
13 time frames set forth herein, or to enjoin agency action.
14 The exclusive venue for bringing any such action shall be
15 the District Court for the District of Columbia. Upon
16 demonstration of undue delay or failure to adhere strictly
17 to statutory deadlines, or other violations of law and eq-
18 uity, equitable relief in the form of a writ of mandamus
19 compelling action shall issue, among such other relief as
20 the court may see fit.”.

21 **SEC. 302. CERTAIN DEPARTMENT OF HEALTH AND HUMAN**
22 **SERVICES AND FOOD AND DRUG ADMINIS-**
23 **TRATION REPORTING REQUIREMENTS.**

24 (a) IN GENERAL.—Not later than one calendar year
25 after the date of the enactment of this Act, and annually
26 thereafter for the following five calendar years, the Sec-

1 retary of Health and Human Services shall submit to the
2 appropriate congressional committees, reports on the fol-
3 lowing:

4 (1) SECTION 301 DESIGNATED STATE MEDICAL
5 CANNABIS PRODUCTS REPORT.—A report detailing—

6 (A) administrative actions taken pursuant
7 to section 301 of this Act (and the amendments
8 made by such section) to ensure certification of
9 designated State medical cannabis products, in-
10 cluding timelines and reasons for any delays
11 past statutory deadlines;

12 (B) the number, nature, and kind of des-
13 ignated State medical cannabis products grant-
14 ed or denied certification in the previous year;

15 (C) any variances or lingering potential
16 conflicts with State laws regarding medical can-
17 nabis products and section 301 of this Act (and
18 the amendments made by such section), and
19 any plans for resolving these variances; and

20 (D) the impact of section 301 of this Act
21 (and the amendments made by such section)
22 with respect to patient access to designated
23 State medical cannabis products.

1 (2) CANNABIDIOL (CBD) AND OTHER HEMP-DE-
2 RIVED CANNABINOIDS MARKET AND SAFETY RE-
3 PORT.—A report detailing—

4 (A) what the current market for
5 cannabidiol (hereinafter referred to as “CBD”)
6 and other hemp-derived cannabinoid products
7 looks like, including the types and forms of
8 products available, manufacturing practices
9 within the industry, market supply chain, how
10 products are marketed and sold, the types of
11 cannabinoids used in products, the marketed ef-
12 fects of CBD and other hemp-derived
13 cannabinoid products, and the range of CBD
14 and other hemp derived cannabinoid doses cur-
15 rently found in the market;

16 (B) what State-based regulations have
17 been created to CBD and other hemp derived
18 cannabinoids and what is their interaction with
19 Agricultural Marketing Act of 1946 in general,
20 including Public Law 115–334, the Agriculture
21 Improvement Act of 2018 (“the 2018 Farm
22 Bill”);

23 (C) how the lack of national standards for
24 CBD and other hemp derived cannabinoid prod-
25 ucts affects the market; and

1 (D) what is currently known about the
2 safety and risk-benefit profile of CBD and
3 other hemp derived cannabinoids, including
4 what safety and toxicity data are available to
5 support this knowledge and any relevant infor-
6 mation about safety with regard to specific pop-
7 ulations, such as children and pregnant individ-
8 uals

9 (3) MEDICAL MARIJUANA AND CANNABIDIOL
10 RESEARCH EXPANSION ACT REPORT.—A report de-
11 tailing—

12 (A) the number and type of appropriately
13 registered individuals and entities under the
14 Act, including the number of applications for
15 registration received, the number of applications
16 for registration approved, the number of appli-
17 cations for registration denied;

18 (B) the impact of any rescheduling on can-
19 nabis or cannabis-derived substances to Sched-
20 ules III–V or full decontrol, on further drug re-
21 search, including new use and new safety re-
22 search;

23 (C) the number and type of any new drugs
24 developed and approved pursuant to section 201

1 of Public Law 117–215, the Medical Marijuana
2 and Cannabidiol Research Expansion Act; and

3 (D) the number and type of commercial
4 drug manufacturer registrants approved and
5 denied pursuant to section 202 of Public Law
6 117–215, the Medical Marijuana and
7 Cannabidiol Research Expansion Act.

8 (4) FEDERAL FOOD, DRUG, AND COSMETIC ACT
9 PART J IMPLEMENTATION REPORT.—A report detail-
10 ing—

11 (A) administrative actions taken to imple-
12 ment part J of the Federal Food, Drug, and
13 Cosmetic Act, as added by section 301 of this
14 Act, including and with specific reference to ac-
15 tions taken to implement non-designated State
16 medical cannabis product provisions, such as
17 new drug, dietary supplement, cosmetic, and
18 food use provisions; and

19 (B) administrative actions taken to imple-
20 ment part J of the Federal Food, Drug, and
21 Cosmetic Act, as added by section 301 of this
22 Act, including and with specific reference to ac-
23 tions taken to implement designated State med-
24 ical cannabis product provisions.

25 (b) DEFINITIONS.—In this section—

1 (1) the term “appropriate congressional com-
2 mittees” means the Committee on Energy and Com-
3 merce of the House of Representatives and the Com-
4 mittee on Committee on Health Education, Labor,
5 and Pensions of the United States Senate; and

6 (2) the term “hemp” has the meaning given the
7 term in section 297A of the Agricultural Marketing
8 Act of 1946.

9 **TITLE IV—SMALL BUSINESS**
10 **ADMINISTRATION PROVISIONS**

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

12 Section 7(a) of the Small Business Act (15 U.S.C.
13 636(a)) is amended by adding at the end the following
14 new paragraph:

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

17 “(A) IN GENERAL.—The Administrator
18 may not decline to provide a guarantee for a
19 loan under this subsection to an otherwise eligi-
20 ble small business concern solely because such
21 concern is a cannabis-related legitimate busi-
22 ness or service provider.

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

24 “(i) CANNABIS.—The term ‘cannabis’
25 has the meaning given the term ‘mari-

1 huana’ in section 102 of the Controlled
2 Substances Act.

3 “(ii) CANNABIS PRODUCT.—The term
4 ‘cannabis product’ means any article that
5 contains cannabis, including an article that
6 is a designated State medical cannabis
7 product within the meaning of part J of
8 subchapter V of chapter 9 of the Federal
9 Food, Drug, and Cosmetic Act.

10 “(iii) CANNABIS-RELATED LEGITI-
11 MATE BUSINESS.—The term ‘cannabis-re-
12 lated legitimate business’ means a can-
13 nabis farmer, cannabis producer, or any
14 person or company that is a small business
15 concern and that—

16 “(I) engages in any activity de-
17 scribed in subclause (II) pursuant to
18 a law established by a State or a po-
19 litical subdivision of a State, as deter-
20 mined by such State or political sub-
21 division; and

22 “(II) participates in any business
23 or organized activity that involves
24 handling cannabis or cannabis prod-
25 ucts, including cultivating, producing,

1 manufacturing, selling, transporting,
2 displaying, dispensing, retailing,
3 wholesaling, distributing, or pur-
4 chasing cannabis or cannabis prod-
5 ucts.

6 “(iv) CANNABIS PRODUCER.—The
7 term ‘cannabis producer’ means a person
8 who manufactures, compounds, converts,
9 processes, prepares, or packages cannabis
10 or cannabis products.

11 “(v) CANNABIS FARMER.—The term
12 ‘cannabis farmer’ means a person who
13 plants, cultivates, harvests, or in any way
14 facilitates the natural growth of cannabis.

15 “(vi) SERVICE PROVIDER.—The term
16 ‘service provider’—

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

19 “(aa) sells goods or services
20 to a cannabis-related legitimate
21 business; or

22 “(bb) provides any business
23 services, including the sale or
24 lease of real or any other prop-
25 erty, legal or other licensed serv-

1 ices, or any other ancillary serv-
2 ice, relating to cannabis; and

3 “(II) does not include a business,
4 organization, or other person that
5 participates in any business or orga-
6 nized activity that involves handling
7 cannabis or cannabis products, includ-
8 ing cultivating, producing, manufac-
9 turing, selling, transporting, dis-
10 playing, dispensing, retailing, whole-
11 saling, distributing, or purchasing
12 cannabis or cannabis products.

13 “(vii) STATE.—The term ‘State’
14 means each of the several States, the Dis-
15 trict of Columbia, Puerto Rico, and any
16 territory or possession of the United
17 States.”.

18 **SEC. 402. DISASTER LOAN NONDISCRIMINATION.**

19 Section 7(b) of the Small Business Act (15 U.S.C.
20 636(b)) is amended by inserting after paragraph (15) the
21 following new paragraph:

22 “(16) ASSISTANCE TO CANNABIS-RELATED LE-
23 GITIMATE BUSINESSES AND SERVICE PROVIDERS.—

24 The Administrator may not decline to provide assist-
25 ance under this subsection to an otherwise eligible

1 borrower solely because such borrower is a cannabis-
2 related legitimate business or service provider (as
3 defined in subsection (a)(36)).”.

4 **SEC. 403. MICROLOAN NONDISCRIMINATION.**

5 Section 7(m) of the Small Business Act (15 U.S.C.
6 636(m)(13)) is amended by adding at the end the fol-
7 lowing new paragraph:

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

15 **SEC. 404. SMALL BUSINESS INVESTMENT COMPANY DEBEN-
16 TURE NONDISCRIMINATION.**

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

20 **“SEC. 321. DEBENTURES TO FINANCE CANNABIS-RELATED
21 BUSINESSES AND SERVICE PROVIDERS.**

22 “The Administrator may not decline to purchase or
23 guarantee a debenture made under this title to an other-
24 wise eligible small business investment company solely be-
25 cause such small business investment company provides

1 financing to an entity that is a cannabis-related legitimate
2 business or service provider (as defined in section 7(a)(38)
3 of the Small Business Act).”.

4 **SEC. 405. STATE OR LOCAL DEVELOPMENT LOAN NON-DIS-**
5 **CRIMINATION.**

6 Title V of the Small Business Investment Act of 1958
7 (15 U.S.C. 695 et seq.) is amended by adding at the end
8 the following new section:

9 **“SEC. 511. LOANS TO CANNABIS-RELATED LEGITIMATE**
10 **BUSINESSES AND SERVICE PROVIDERS.**

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

18 **SEC. 406. RULEMAKING AND DISBURSEMENT.**

19 Not later than 30 days after the date of the enact-
20 ment of this Act, the Administrator of the Small Business
21 Administration shall issue or amend any rules or interim
22 final rules, standard operating procedures, other legal or
23 policy guidance necessary to carry out the requirements
24 of this Act and the amendments made by this Act. The
25 Administrator shall begin incurring obligations and dis-

1 bursing funds made available to the Administration for the
2 purposes of carrying out this Act within 45 days of the
3 enactment of this Act.

4 **SEC. 407. ADMINISTRATIVE PROCEDURE ACT AND MAN-**
5 **DAMUS REMEDIES.**

6 Should the Administrator fail to issue or amend any
7 rules or interim final rules, standard operating procedures,
8 other legal or policy guidance necessary to carry out the
9 requirements of this Act and the amendments made by
10 this Act within the 30 days described above, or fail to
11 make an application decision within 30 days of submission
12 of a completed application, an applicant shall have the
13 right to compel action under the Administrative Procedure
14 Act (5 U.S.C. 500 et seq.) and the Mandamus Act (28
15 U.S.C. 1361), in any United States district court where
16 the applicant resides or does business or in the United
17 States District Court for the District of Columbia. Should
18 the applicant substantially prevail, such applicant shall be
19 entitled to attorneys' fees and costs associated with com-
20 pelling a decision under this section. Such mandamus rem-
21 edy shall issue upon demonstration of failure to meet
22 deadlines described herein.

1 **TITLE V—IMPOSITION OF**
2 **CANNABIS EXCISE TAX**

3 **SEC. 501. LAW ENFORCEMENT RETRAINING AND SUCCESS-**
4 **FUL SECOND CHANCES FUND.**

5 (a) CREATION OF LAW ENFORCEMENT RETRAINING
6 AND SUCCESSFUL SECOND CHANCES FUND.—There is es-
7 tablished in the Treasury of the United States a fund to
8 be known as the “Law Enforcement Retraining and Suc-
9 cessful Second Chances Fund” (referred to in this section
10 as the “Law Enforcement and Second Chances Fund”),
11 consisting of such amounts as may be appropriated or
12 credited to such a fund as provided in this section or sec-
13 tion 9602(b) of the Internal Revenue Code.

14 (b) AUTHORIZATION OF APPROPRIATIONS.—To carry
15 out this section, there are authorized to be appropriated
16 to the Law Enforcement and Second Chances Fund such
17 sums as may be necessary to carry out the purposes of
18 this subchapter for fiscal year 2024, to remain available
19 until expended.

20 (c) FUTURE FISCAL YEARS.—For the 10 fiscal years
21 following fiscal year 2024, there is authorized to be appro-
22 priated to the Law Enforcement and Second Chances
23 Fund such sums as may be necessary to carry out the
24 purposes of this subchapter.

1 (d) AVAILABILITY OF LAW ENFORCEMENT AND SEC-
2 OND CHANCES FUND.—Amounts in the Law Enforcement
3 and Second Chances Fund shall be available, until ex-
4 pended, as provided under this section.

5 (e) SET-ASIDES.—

6 (1) CRISIS STABILIZATION AND COMMUNITY RE-
7 ENTRY GRANT PROGRAM.—Of the amounts in the
8 Law Enforcement and Second Chances Fund—

9 (A) 10 percent shall be set aside for grants
10 made under section 3052(a) of part OO of the
11 Omnibus Crime Control and Safe Streets Act of
12 1968; and

13 (B) 10 percent shall be set aside for grants
14 made under section 3052(b) of part OO of the
15 Omnibus Crime Control and Safe Streets Act of
16 1968.

17 (2) EDWARD BYRNE MEMORIAL JUSTICE AS-
18 SISTANCE GRANT PROGRAM.—Of the amounts in the
19 Law Enforcement and Second Chances Fund, 10
20 percent shall be set aside for grants made under
21 part A of title 34, United States Code.

22 (3) COMMUNITY-ORIENTED POLICING SERVICES
23 HIRING PROGRAM.—Of the amounts in the Law En-
24 forcement and Second Chances Fund, 10 percent
25 shall be set aside for activities authorized by the

1 Violent Crime Control and Law Enforcement Act of
2 1994 (Public Law 103–322); the Omnibus Crime
3 Control and Safe Streets Act of 1968 (“the 1968
4 Act”); and the Violence Against Women and Depart-
5 ment of Justice Reauthorization Act of 2005 (Public
6 Law 109–162) (“the 2005 Act”). No less than 5
7 percent of this set-aside shall be directed towards
8 grants made under section 1701 of title I of the
9 1968 Act (42 U.S.C. 3796dd) for the hiring and re-
10 hiring of additional career law enforcement officers
11 under part Q of such title notwithstanding sub-
12 section (i) of such section.

13 (4) SUCCESSFUL SECOND CHANCES PRO-
14 GRAM.—Of the amounts in the Law Enforcement
15 and Second Chances Fund, 30 percent shall be set
16 aside for the Small Business Administrator to carry
17 out the provisions of title IV of the States Reform
18 Act.

19 (5) VETERANS MENTAL HEALTH FUNDING.—Of
20 the amounts in the Law Enforcement and Second
21 Chances Fund, 10 percent shall be set aside for the
22 Secretary of the Veterans Affairs to carry out the
23 provisions of section 1720I(a) and 1720I(c) of title
24 38, United States Code.

1 (6) STATE RESPONSE TO OPIOID ADDICTION
2 FUNDING.—Of the amounts in the Law Enforcement
3 and Second Chances Fund, 5 percent shall be set
4 aside for the Secretary of Health and Human Serv-
5 ices to carry out the provisions of section 290ee–3
6 of title 42, United States Code.

7 (7) UNDERAGE YOUTH USE PREVENTION FUND-
8 ING.—Of the amounts in the Law Enforcement and
9 Second Chances Fund, 5 percent shall be set aside
10 for the Assistant Secretary for Mental Health and
11 Substance Use of the Substance Abuse and Mental
12 Health Services Administration to help prevent un-
13 derage cannabis use in carrying out the provisions of
14 title 42, United States Code.

15 (8) RAPID RESPONSE TO NOVEL CARTEL
16 GROWTH.—Of the amounts in the Law Enforcement
17 and Second Chances Fund, 5 percent shall be set
18 aside for the Attorney General to carry out the pro-
19 visions of section 873(a)(5)–(6) of title 21, United
20 States Code.

21 (f) ALLOTMENT.—All funds for carrying out the pro-
22 visions of this chapter shall be available for allotment to
23 bureaus and offices of the Department of Justice and the
24 Small Business Administration, and for transfer to such
25 other agencies of the Federal Government, and to such

1 State agencies, as the Secretary of the Treasury may re-
 2 quest to cooperate or assist in carrying out the provisions
 3 of this chapter.

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

5 Subtitle E of title I of the Internal Revenue Code of
 6 1986 is amended by adding at the end the following new
 7 chapter:

8 **“CHAPTER 56—CANNABIS PRODUCTS**

“SUBCHAPTER A—IMPOSITION OF TAX

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

“SUBCHAPTER B—OPERATIONS

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

“SUBCHAPTER C—PENALTIES

- “Sec. 5921. Civil penalties.

9 **“Subchapter A—Imposition of Tax**

10 **“SEC. 5901. IMPOSITION OF TAX.**

11 “(a) IMPOSITION OF EXCISE TAX.—There is hereby
 12 imposed on any cannabis product produced in or imported
 13 into the United States a tax equal to 3 percent of the
 14 removal price of such a cannabis product sold in the
 15 United States during the 12-month period ending 1 cal-
 16 endar quarter before such calendar year.

1 “(b) MORATORIUM ON CANNABIS PRODUCT EXCISE
2 TAX INCREASES.—There is hereby imposed, notwith-
3 standing any other law, including, but not limited to the
4 Congressional Budget and Impoundment Control Act of
5 1974 (Public Law 93–344, 88 Stat. 297, 2 U.S.C. 601–
6 688), for the 10 calendar years following the passage of
7 this Act, a moratorium on increasing the excise tax im-
8 posed on cannabis products by this section 5901. Such
9 moratorium may be waived before the 10 year timeframe
10 by a three-quarters vote to do so by both Houses of Con-
11 gress.

12 “(c) REMOVAL PRICE CATEGORIES.—

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

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

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

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

19 “(D) per 10 grams of cannabis vaporizer
20 cartridges,

21 “(E) of 20 units of edible cannabis prod-
22 uct, and

23 “(F) of 20 units of cannabis topical or cos-
24 metic product.

1 “(2) NEW REMOVAL PRICE CATEGORIES AND
2 BASIS.—For the purposes of subsection (c), the Sec-
3 retary may, under the processes of the Administra-
4 tive Procedure Act (5 U.S.C. 500 et seq.), undertake
5 formal rulemaking to establish new removal price
6 categories and bases for cannabis products that are
7 not covered under subsection (c)(1).

8 “(3) CLARIFYING RULEMAKING.—The Sec-
9 retary may, consistent with the Administrative Pro-
10 cedure Act (5 U.S.C. 500 et seq.), further clarify the
11 application of subsection (c)(1).

12 “(d) TIME OF ATTACHMENT ON CANNABIS PROD-
13 UCTS.—The tax under this section shall attach to any can-
14 nabis product as soon as such product is in existence as
15 such, whether it be subsequently separated or transferred
16 into any other substance, either in the process of original
17 production or by any subsequent process. Raw cannabis
18 not yet delivered to a producer for processing, manufac-
19 turing, or production shall not be considered a product
20 in existence for the purposes of this subsection (d).

21 **“SEC. 5902. DEFINITIONS.**

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

24 “(1) CANNABIS PRODUCT.—

1 “(A) IN GENERAL.—Except as provided in
2 subparagraph (B), the term ‘cannabis product’
3 means any article that contains or consists of
4 cannabis.

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

9 “(2) FDA-APPROVED ARTICLE.—The term
10 ‘FDA-approved article’ means any article if the pro-
11 ducer or importer thereof demonstrates to the satis-
12 faction of the Secretary of Health and Human Serv-
13 ices that such article is—

14 “(A) a drug—

15 “(i) that is approved under section
16 505 of the Federal Food, Drug, and Cos-
17 metic Act or licensed under section 351 of
18 the Public Health Service Act, or

19 “(ii) for which an investigational use
20 exemption has been authorized under sec-
21 tion 505(i) of the Federal Food, Drug, and
22 Cosmetic Act or under section 351(a) of
23 the Public Health Service Act,

24 “(B) a combination product (as described
25 in section 503(g) of the Federal Food, Drug,

1 and Cosmetic Act), the constituent parts of
2 which were approved or cleared under section
3 505, 510(k), or 515 of such Act, or

4 “(C) a ‘designated State medical cannabis
5 product’ within the meaning of part J of sub-
6 chapter V of chapter 9 of title 21, United
7 States Code (the Federal Food, Drug, and Cos-
8 metic Act).

9 “(3) CANNABIS.—The term ‘cannabis’ has the
10 same meaning given to the term ‘marihuana’ under
11 section 102(16) of the Controlled Substances Act
12 (21 U.S.C. 802(16)).

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

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

20 “(1) CANNABIS BUSINESS.—The term ‘cannabis
21 business’ means a producer, importer, or export
22 warehouse proprietor.

23 “(2) PRODUCER.—

24 “(A) IN GENERAL.—The term ‘producer’
25 means any person who manufactures, produces,

1 compounds, converts, processes, prepares, or
2 packages 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 “(C) CANNABIS FARMERS NOT PRO-
11 DUCERS.—A producer does not mean a person
12 who plants, cultivates, harvests, grows the raw
13 agricultural commodity of cannabis not yet fin-
14 ished into a produced article for consumption.
15 This provision shall not be constructed as pre-
16 cluding a cannabis farmer from also being a
17 cannabis producer within the same enterprise.

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

20 “(A) is in the United States and to whom
21 non-tax-paid cannabis products, produced in a
22 foreign country or a possession of the United
23 States, are shipped or consigned,

1 “(B) removes cannabis products for sale or
2 consumption in the United States from a cus-
3 toms warehouse, or

4 “(C) smuggles or otherwise unlawfully
5 brings any cannabis product into the United
6 States.

7 “(4) EXPORT WAREHOUSE PROPRIETOR.—

8 “(A) IN GENERAL.—The term ‘export
9 warehouse proprietor’ means any person who
10 operates an export warehouse.

11 “(B) EXPORT WAREHOUSE.—The term
12 ‘export warehouse’ means an internal revenue
13 warehouse for the storage of cannabis products,
14 upon which the internal revenue tax has not
15 been paid—

16 “(i) for subsequent shipment to a for-
17 eign country or a possession of the United
18 States, or

19 “(ii) for consumption beyond the ju-
20 risdiction of the internal revenue laws of
21 the United States.

22 “(5) CANNABIS PRODUCTION FACILITY.—The
23 term ‘cannabis production facility’ means an estab-
24 lishment that is qualified under subchapter C to per-

1 form any operation for which such qualification is
2 required under such subchapter.

3 “(c) OTHER DEFINITIONS.—For purposes of this
4 chapter—

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

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

9 “(A) the transfer of cannabis products
10 from the premises of a producer (or the trans-
11 fer of such products from the premises of a pro-
12 ducer to the premises of such producer),

13 “(B) release of such products from cus-
14 toms custody, or

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

17 “(3) REMOVAL PRICE.—The term ‘removal
18 price’ means—

19 “(A) except as otherwise provided in this
20 paragraph, the price for which the cannabis
21 product is sold in the sale that occurs in con-
22 nection with the removal of such product,

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

1 “(C) if there is no sale that occurs in con-
2 nection with such removal, the price that would
3 be determined under section 5903(e) if such
4 product were sold at a price that cannot be de-
5 termined.

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

7 “(a) LIABILITY FOR TAX.—

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

11 “(2) TRANSFER OF LIABILITY.—

12 “(A) IN GENERAL.—When cannabis prod-
13 ucts are transferred, without payment of tax,
14 pursuant to subsection (b) or (c) of section
15 5904—

16 “(i) except as provided in clause (ii),
17 the transferee shall become liable for the
18 tax upon receipt by the transferee of such
19 articles, and the transferor shall there-
20 upon be relieved of their liability for such
21 tax, and

22 “(ii) in the case of cannabis products
23 that are released from customs custody for
24 transfer to the premises of a producer, the
25 transferee shall become liable for the tax

1 on such articles upon release from customs
2 custody, and the importer shall thereupon
3 be relieved of their liability for such tax.

4 “(B) RETURN.—All provisions of this
5 chapter applicable to cannabis products shall be
6 applicable to such articles returned upon with-
7 drawal from the market or returned after pre-
8 vious removal for a tax-exempt purpose.

9 “(b) METHOD OF PAYMENT OF TAX.—

10 “(1) IN GENERAL.—

11 “(A) TAXES PAID ON BASIS OF RETURN.—
12 The taxes imposed by section 5901 shall be
13 paid on the basis of return. The Secretary shall,
14 by regulations, prescribe the period or the event
15 to be covered by such return and the informa-
16 tion to be furnished on such return.

17 “(B) APPLICATION TO TRANSFEREES.—In
18 the case of any transfer to which subsection
19 (a)(2)(A) applies, the tax under section 5901 on
20 the transferee shall (if not otherwise relieved by
21 reason of a subsequent transfer to which such
22 subsection applies) be imposed with respect to
23 the removal of the cannabis product from the
24 premises of the transferee.

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

13 “(D) ADMINISTRATION AND PENALTIES.—
14 All administrative and penalty provisions of this
15 title, as applicable, shall apply to any tax im-
16 posed by section 5901.

17 “(2) TIME FOR PAYMENT OF TAXES.—

18 “(A) IN GENERAL.—Except as otherwise
19 provided in this paragraph, in the case of taxes
20 on cannabis products removed during any semi-
21 monthly period for deferred payment of tax, the
22 last day for payment of such taxes shall be the
23 14th day after the last day of such semimonthly
24 period.

1 “(B) IMPORTED ARTICLES.—In the case of
2 cannabis products that are imported into the
3 United States, the following provisions shall
4 apply:

5 “(i) IN GENERAL.—The last day for
6 payment of tax shall be the 14th day after
7 the last day of the semimonthly period
8 during which the article is entered into the
9 customs territory of the United States.

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

18 “(iii) FOREIGN TRADE ZONES.—Ex-
19 cept as provided in clause (iv) and in regu-
20 lations prescribed by the Secretary, articles
21 brought into a foreign trade zone shall,
22 notwithstanding any other provision of law,
23 be treated for purposes of this subsection
24 as if such zone were a single customs
25 warehouse.

1 “(iv) EXCEPTION FOR ARTICLES DES-
2 TINED FOR EXPORT.—Clauses (ii) and (iii)
3 shall not apply to any article that is shown
4 to the satisfaction of the Secretary to be
5 destined for export.

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

15 “(D) SPECIAL RULE WHERE DUE DATE
16 FALLS ON SATURDAY, SUNDAY, OR HOLIDAY.—
17 Notwithstanding section 7503, if, but for this
18 subparagraph, the due date under this para-
19 graph would fall on a Saturday, Sunday, or a
20 legal holiday (as defined in section 7503), such
21 due date shall be the immediately preceding day
22 that is not a Saturday, Sunday, or such a holi-
23 day.

24 “(E) SPECIAL RULE FOR UNLAWFULLY
25 PRODUCED CANNABIS PRODUCTS.—In the case

1 of any cannabis products produced in the
2 United States at any place other than the
3 premises of a producer that has obtained the
4 permit required under this chapter, tax shall be
5 due and payable immediately upon production.

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

17 “(c) DEFINITION OF PRICE.—

18 “(1) CONSTRUCTIVE SALE PRICE.—

19 “(A) IN GENERAL.—If an article is sold di-
20 rectly to consumers, sold on consignment, or
21 sold (otherwise than through an arm’s length
22 transaction) at less than the fair market price,
23 or if the price for which the article sold cannot
24 be determined, the tax under section 5901(a)
25 shall be computed on the price for which such

1 articles are sold, in the ordinary course of
2 trade, by producers thereof, as determined by
3 the Secretary.

4 “(B) ARM’S LENGTH.—

5 “(i) IN GENERAL.—For purposes of
6 this section, a sale is considered to be
7 made under circumstances otherwise than
8 at arm’s length if—

9 “(I) the parties are members of
10 the same controlled group, whether or
11 not such control is actually exercised
12 to influence the sale price,

13 “(II) the parties are members of
14 a family, as defined in section
15 267(c)(4), or

16 “(III) the sale is made pursuant
17 to special arrangements between a
18 producer and a purchaser.

19 “(ii) CONTROLLED GROUPS.—

20 “(I) IN GENERAL.—The term
21 ‘controlled group’ has the meaning
22 given to such term by subsection (a)
23 of section 1563, except that ‘more
24 than 50 percent’ shall be substituted

1 for ‘at least 80 percent’ each place it
2 appears in such subsection.

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

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

24 “(d) PARTIAL PAYMENTS AND INSTALLMENT AC-
25 COUNTS.—

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

6 “(A) a contract for the sale of an article
7 wherein it is provided that the price shall be
8 paid by installments and title to the article sold
9 does not pass until a future date notwith-
10 standing partial payment by installments,

11 “(B) a conditional sale, or

12 “(C) a chattel mortgage arrangement
13 wherein it is provided that the sales price shall
14 be paid in installments.

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

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

1 “(i) the tax previously paid on the
2 payments on such installment accounts,
3 and

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

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

15 “(i) the proportionate share of the
16 amount for which such accounts are sold
17 that is allocable to each unpaid installment
18 payment, by

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

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

1 **“SEC. 5904. EXEMPTION FROM TAX.**

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

8 “(1) exclusively in scientific research by a lab-
9 oratory,

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

18 “(3) by the United States or any governmental
19 agency thereof, any State, any political subdivision
20 of a State, or the District of Columbia, for non-
21 consumption purposes, or

22 “(4) by a qualified State medical cannabis pa-
23 tient or patients, when the cannabis product is 100
24 percent donated to the patient or patients, and such
25 a donated article otherwise qualifies for use as a
26 ‘designated State medical cannabis product’ within

1 the meaning of section 360ggg of the Federal Food,
2 Drug, and Cosmetic Act Federal Food, Drug, and
3 Cosmetic Act.

4 “(b) CANNABIS PRODUCTS TRANSFERRED OR RE-
5 MOVED FROM DOMESTIC FACTORIES AND EXPORT WARE-
6 HOUSES.—

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

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

21 “(c) CANNABIS PRODUCTS RELEASED FROM CUS-
22 TOMS CUSTODY.—Cannabis products imported or brought
23 into the United States may be released from customs cus-
24 tody, without payment of tax, for delivery to a producer
25 or export warehouse proprietor if such articles are not put

1 up in packages, in accordance with such regulations as
2 the Secretary shall prescribe.

3 “(d) CANNABIS PRODUCTS EXPORTED AND RE-
4 TURNED.—Cannabis products classifiable under item
5 9801.00.10 of the Harmonized Tariff Schedule of the
6 United States (relating to duty on certain articles pre-
7 viously exported and returned), as in effect on the date
8 of the enactment of the States Reform Act, may be re-
9 leased from customs custody, without payment of that
10 part of the duty attributable to the internal revenue tax
11 for delivery to the original producer of such cannabis prod-
12 ucts or to the export warehouse proprietor authorized by
13 such producer to receive such products, in accordance with
14 such regulations as the Secretary shall prescribe. Upon
15 such release such products shall be subject to this chapter
16 as if they had not been exported or otherwise removed.

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

18 “(a) CREDIT OR REFUND.—

19 “(1) IN GENERAL.—Credit or refund of any tax
20 imposed by this chapter or section 7652 shall be al-
21 lowed or made (without interest) to the producer,
22 importer, or export warehouse proprietor on proof
23 satisfactory to the Secretary that the claimant pro-
24 ducer, importer, or export warehouse proprietor has
25 paid the tax on—

1 “(A) cannabis products withdrawn from
2 the market by the claimant, or

3 “(B) such products lost (otherwise than by
4 theft) or destroyed, by fire, casualty, or act of
5 God, while in the possession or ownership of the
6 claimant.

7 “(2) CANNABIS PRODUCTS LOST OR DE-
8 STROYED.—

9 “(A) EXTENT OF LOSS ALLOWANCE.—No
10 tax shall be collected in respect of cannabis
11 products lost or destroyed, except that such tax
12 shall be collected—

13 “(i) in the case of loss by theft, unless
14 the Secretary finds that the theft occurred
15 without connivance, collusion, fraud, or
16 negligence on the part of the proprietor of
17 cannabis production facility, or owner, con-
18 signor, consignee, bailee, or carrier, or
19 their employees or agents,

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

23 “(iii) in the case of an unexplained
24 shortage of cannabis products.

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

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

22 “(D) LIMITATIONS.—Except as provided in
23 subparagraph (E), no tax shall be abated, re-
24 mitted, credited, or refunded under this para-
25 graph where the loss occurred after the tax was

1 determined. The abatement, remission, credit,
2 or refund of taxes provided for by subpara-
3 graphs (A) and (C) in the case of loss of can-
4 nabis products by theft shall only be allowed to
5 the extent that the claimant is not indemnified
6 against or recompensed in respect of the tax for
7 such loss.

8 “(E) APPLICABILITY.—The provisions of
9 this paragraph shall extend to and apply in re-
10 spect of cannabis products lost after the tax
11 was determined and before completion of the
12 physical removal of the cannabis products from
13 the premises.

14 “(3) VOLUNTARY DESTRUCTION.—The propri-
15 etor of a cannabis production facility or other per-
16 sons liable for the tax imposed by this chapter or by
17 section 7652 with respect to any cannabis product
18 may voluntarily destroy such products, but only if
19 such destruction is under such supervision and
20 under such regulations as the Secretary may pre-
21 scribe.

22 “(4) LIMITATION.—Any claim for credit or re-
23 fund of tax under this subsection shall be filed with-
24 in 6 months after the date of the withdrawal from
25 the market, loss, or destruction of the products to

1 which the claim relates, and shall be in such form
2 and contain such information as the Secretary shall
3 by regulations prescribe.

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

8 **“Subchapter B—Operations**

9 **“SEC. 5911. INVENTORIES, REPORTS, AND RECORDS.**

10 “(a) REQUIREMENTS.—Every cannabis business shall
11 maintain inventories required by section 471 of title 26,
12 Internal Revenue Code, as the Secretary shall by formal
13 rulemaking prescribe, with such inventories to be subject
14 to verification by any Internal Revenue official during
15 business hours, in such form, at such times, and for such
16 periods as the Secretary shall by formal rulemaking pre-
17 scribe.

18 “(1) The formal rulemaking shall take into con-
19 sideration existing State reporting and inventory
20 tracking mechanisms and be compatible with exist-
21 ing State reporting and inventory tracking mecha-
22 nisms to the extent possible.

23 “(2) The formal rulemaking may allow for the
24 creation of Federal processes and systems to supple-

1 ment, and that are compatible with, existing State
2 tracking and reporting mechanisms.

3 “(3) Rulemaking with respect to this section
4 5911 shall take place pursuant to the Administrative
5 Procedure Act (5 U.S.C. 500 et seq.) and encompass
6 Paperwork Reduction Act considerations.

7 “(b) REPORT.—The Secretary shall provide an an-
8 nual report on the inventories, sales, and origin of re-
9 ported cannabis products.

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

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

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

19 “(c) LOTTERY FEATURES.—No certificate, coupon,
20 or other device purporting to be or to represent a ticket,
21 chance, share, or an interest in, or dependent on, the event
22 of a lottery shall be contained in, attached to, or stamped,
23 marked, written, or printed on any package of a cannabis
24 product or cannabis products.

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

5 “(1) for experimental purposes, or

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

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

11 “(a) RESTRICTION.—No person shall—

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

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

20 “(B) that, after removal without payment
21 of tax pursuant to section 5904(a), have been
22 diverted from the applicable purpose or use
23 specified in that section,

24 “(2) with intent to defraud the United States,
25 purchase, receive, possess, offer for sale, or sell or

1 otherwise dispose of, after removal, any cannabis
2 products that are not put up in packages as required
3 under section 5912 or that are put up in packages
4 not bearing the marks, labels, and notices, as re-
5 quired under such section, or

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

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

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

21 **“SEC. 5914. RESTRICTIONS RELATING TO MARKS, LABELS,**
22 **NOTICES, AND PACKAGES.**

23 “No person shall, with intent to defraud the United
24 States, destroy, obliterate, or detach any mark, label, or
25 notice prescribed or authorized, by this chapter or regula-

1 tions thereunder, to appear on, or be affixed to, any pack-
2 age of cannabis products before such package is emptied.

3 **“SEC. 5915. RESTRICTION ON IMPORTATION OF PRE-**
4 **VIOUSLY EXPORTED CANNABIS PRODUCTS.**

5 “(a) EXPORT LABELED CANNABIS PRODUCTS.—

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

9 “(A) may be transferred to or removed
10 from the premises of a producer or an export
11 warehouse proprietor only if such articles are
12 being transferred or removed without tax in ac-
13 cordance with section 5904,

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

21 “(C) may not be sold or held for sale for
22 domestic consumption in the United States un-
23 less such articles are removed from their export
24 packaging and repackaged by the original pro-

1 ducer into new packaging that does not contain
2 an export label.

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

12 “(3) EXPORTS INCLUDE SHIPMENTS TO PUER-
13 TO RICO.—For purposes of this section, section
14 5904(d), section 5921, and such other provisions as
15 the Secretary may specify by regulations, references
16 to exportation shall be treated as including a ref-
17 erence to shipment to the Commonwealth of Puerto
18 Rico.

19 “(b) EXPORT LABEL.—For purposes of this section,
20 an article is labeled for export or contains an export label
21 if it bears the mark, label, or notice required under section
22 5904(b).

1 **“Subchapter C—Penalties**

2 **“SEC. 5921. CIVIL PENALTIES.**

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

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

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

21 “(1) sells, relands, or receives within the juris-
22 diction of the United States any cannabis products
23 that have been labeled or shipped for exportation
24 under this chapter,

1 “(2) sells or receives such reloaded cannabis
2 products, or

3 “(3) aids or abets in such selling, reloading, or
4 receiving,

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

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

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

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

23 “(1) engages in business as a cannabis business
24 without filing the application and obtaining the per-

1 mit where required by this chapter or regulations
2 thereunder,

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

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

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

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

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

19 “(B) that, without payment of tax pursu-
20 ant to section 5904, have been diverted from
21 the applicable purpose or use specified in that
22 section, shall, for each such offense, be fined
23 not more than \$10,000, or imprisoned not more
24 than 5 years, or both.

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

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

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

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

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

18 (b) CROSS-POLLINATION PREVENTION STUDY.—Not
19 later than 1 year after the date of the enactment of this
20 Act, the United States Department of Agriculture shall
21 conduct a study on the risk and actual frequency of cross-
22 pollination between hemp (as defined in section 297(A) of
23 the Agricultural Marketing Act of 1946 (7 U.S.C. 1639o))
24 and raw cannabis (as defined in section 202(c) of this
25 Act), and shall publish its findings in a Report to the

1 House Agricultural Committee and the Senate Committee
2 on Agriculture, Nutrition, and Forestry.

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

13 (d) CONFORMING AMENDMENTS.—

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

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

“CHAPTER 56. CANNABIS PRODUCTS”.

21 (e) EFFECTIVE DATE.—

22 (1) IN GENERAL.—The amendments made by
23 this section shall apply to sales, and applications for
24 permits under section 5912 of the Internal Revenue

1 Code of 1986 (as added by subsection (a)), after
2 180 days after the date of the enactment of this Act.

3 (2) SPECIAL RULES FOR EXISTING BUSI-
4 NESSES.—In the case of any producer operating
5 under a permit issued on or before the date of the
6 enactment of this Act under State law, the require-
7 ments under section 5912 of such Code (as so
8 added) shall apply beginning on the date that is 6
9 months after the date of the enactment of this Act.

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

15 **TITLE VI—VETERANS’ CARE AND** 16 **ACCESS**

17 **SEC. 601. NONDISCRIMINATION IN FEDERAL HIRING FOR** 18 **VETERAN MEDICAL CANNABIS USERS.**

19 (a) IN GENERAL.—It shall be unlawful for a “vet-
20 eran”, as defined in section 101(2) of title 38, United
21 States Code, to be excluded from employment in the Fed-
22 eral Government solely because the veteran consumes or
23 has consumed cannabis, as defined in section 102(16) of
24 the Controlled Substances Act (21 U.S.C. 802(16)). For
25 the purposes determining if a person is a veteran under

1 this provision, an other than honorable, bad conduct, or
2 dishonorable release premised solely on nonviolent can-
3 nabis charges covered under section 101 of the States Re-
4 form Act shall be construed as a general discharge.

5 **SEC. 602. AUTHORIZED PROVISION OF INFORMATION ON**
6 **STATE-APPROVED MARIJUANA PROGRAMS**
7 **TO VETERANS.**

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

1 part J of subchapter V of chapter 9 of title 21 of the
2 United States Code (the Federal Food, Drug, and Cos-
3 metic Act)).

4 (b) DEFINITIONS.—In this section:

5 (1) INFORMATION.—The term “information”
6 includes details such as informational materials,
7 internet websites, and relevant contact information
8 for State-approved marijuana programs.

9 (2) MARIJUANA.—The term “marijuana” has
10 the meaning given the term “marihuana” in section
11 102 of the Controlled Substances Act (21 U.S.C.
12 802).

13 (3) STATE.—The term “State” means each of
14 the several States, the District of Columbia, the
15 Commonwealth of Puerto Rico, any territory, Fed-
16 eral enclave, or possession of the United States, and
17 each federally recognized Indian Tribe.

18 **TITLE VII—MISCELLANEOUS UP-**
19 **DATES AND TECHNICAL**
20 **AMENDMENTS**

21 **SEC. 701. UNITED STATES INTERNATIONAL CANNABIS COM-**
22 **MERCE POLICY.**

23 (a) UNITED STATES FOREIGN POLICY OBJECTIVES
24 WITH RESPECT TO CANNABIS.—

1 (1) The President of the United States and the
2 United States Trade Representative shall send trade
3 missions and engage in treaty-making with foreign
4 jurisdictions that have legalized the import and ex-
5 port of cannabis to provide for the legal trade be-
6 tween the United States and foreign jurisdictions.

7 (2) The principal negotiating objectives of the
8 United States with respect to trade shall include the
9 removal of unjustified foreign barriers to trade in
10 cannabis, cannabis derivatives, and cannabis prod-
11 ucts.

12 (3) The United Nations Ambassador is tasked
13 with similarly ensuring updates to international ac-
14 cords to reflect current practices.

15 (b) **RULE OF CONSTRUCTION FOR INTERNATIONAL**
16 **TREATIES RESPECTING DRUG POLICY; FEDERAL PRI-**
17 **MACY ON SCHEDULING DECISIONS.**—It is the policy of the
18 United States that the power of the Federal Government
19 to control, alter, heighten, lower, abolish, decontrol, or
20 likewise modify drug control scheduling for any particular
21 substance, including cannabis, is a vested power of the ar-
22 ticle I constitutional lawmaking power that no treaty, in-
23 cluding the 1961 Single Convention on Narcotic Drugs,
24 the 1971 Convention on Psychotropic Substances, 1972
25 Protocol Amending the Single Convention on Narcotic

1 Drugs, and the 1988 United Nations Convention Against
2 Illicit Traffic in Narcotic Drugs and Psychotropic Sub-
3 stances, may infringe upon, oblige or impose a duty on
4 the United States not to undertake at its pleasure, or oth-
5 erwise modify. This provision shall constitute a rule of
6 construction for all Federal courts to apply in all cases.

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

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

12 “(h) CANNABIS.—

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

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

24 (b) SPECIAL RULE FOR CERTAIN REGULATIONS.—

25 The amendments made by this section may not be con-

1 strued to abridge the authority of the Secretary of Trans-
2 portation, or the Secretary of the department in which the
3 Coast Guard is operating, to regulate and screen for the
4 use of cannabis or a controlled substance within the mean-
5 ing of section 102 of the Controlled Substances Act (21
6 U.S.C. 802).

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

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

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

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

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

18 (1) age;

19 (2) certifications and licenses;

20 (3) disability status;

21 (4) educational attainment;

22 (5) family and marital status;

23 (6) nativity;

24 (7) race and Hispanic ethnicity;

25 (8) school enrollment;

1 (9) veteran status; and

2 (10) sex.

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

7 (d) DEFINITIONS.—In this section:

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

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

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

1 **SEC. 704. CONFORMING AMENDMENT TO CREATE UNI-**
2 **FORMITY OF REFERENCES IN EXISTING LAW**
3 **TO CANNABIS, MARIJUANA, OR MARIHUANA.**

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

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

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

14 **SEC. 705. SECURITY CLEARANCES.**

15 (a) SECURITY CLEARANCES.—Federal agencies must
16 treat past or present cannabis use like alcohol, and not
17 a schedule I substance, in rendering decisions for grant-
18 ing, denying, or rescinding a security clearance.

19 (b) REASSESSMENT.—

20 (1) IN GENERAL.—An individual shall be enti-
21 tled to reassessment of their security clearance
22 credentialing by mailing a certified letter requesting
23 notice of entitlement of reassessment of denial of
24 such under this section 705 to the General Counsel
25 or chief legal officer of the denying Federal agency.

1 (2) NOTICE.—An individual requesting reass-
2 sessment notice under paragraph (1) shall be noti-
3 fied either of their entitlement to such reassessment
4 under paragraph (1), or denial of entitlement to re-
5 assessment, within 90 days of requesting such re-
6 view from the denying agency. Any such denial shall
7 state that there are grounds under than solely past
8 or present cannabis or marijuana use consistent with
9 like use of alcohol under which the agency made the
10 decision.

11 (3) INDIVIDUAL DESCRIBED.—In this sub-
12 section, the term “individual described” means any
13 individual who has had a security clearance denied
14 or rescinded for past or present cannabis or mari-
15 juana use.

16 (4) JUDICIAL REVIEW.—Failure to provide no-
17 tice of entitlement or non-entitlement is judicially re-
18 viewable after 180 days from the making of such re-
19 quest of an agency in the United States District
20 Court for the Eastern District of Virginia. Upon
21 finding of undue delay, the court shall enjoin the
22 agency to make a decision and provide notice within
23 30 days, and such other equitable relief as the court
24 may see fit.

1 **SEC. 706. EFFECTIVE UPON ENACTMENT.**

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

○