

NOVEMBER 30, 2020

RULES COMMITTEE PRINT 116-67
TEXT OF H.R. 3884, MARIJUANA OPPORTUNITY
REINVESTMENT AND EXPUNGEMENT ACT OF 2020

**[Showing the text of H.R. 3884, as reported by the Committee
on the Judiciary, with modifications.]**

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Marijuana Opportunity
3 Reinvestment and Expungement Act of 2020” or the
4 “MORE Act of 2020”.

5 **SEC. 2. FINDINGS.**

6 The Congress finds as follows:

7 (1) The communities that have been most
8 harmed by cannabis prohibition are benefiting the
9 least from the legal marijuana marketplace.

10 (2) A legacy of racial and ethnic injustices,
11 compounded by the disproportionate collateral con-
12 sequences of 80 years of cannabis prohibition en-
13 forcement, now limits participation in the industry.

14 (3) 36 States, the District of Columbia, Puerto
15 Rico, and Guam have adopted laws allowing legal ac-
16 cess to cannabis, and 15 States, the District of Co-
17 lumbia, and the Commonwealth of the Northern

1 Mariana Islands have adopted laws legalizing can-
2 nabis for adult recreational use.

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

6 (5) Legal cannabis sales totaled \$9.5 billion in
7 2017 and are projected to reach \$23 billion by 2022.

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

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

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

24 (9) In 2013, simple cannabis possession was the
25 fourth most common cause of deportation for any of-

1 fense and the most common cause of deportation for
2 drug law violations.

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

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

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

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

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

22 **SEC. 3. DECRIMINALIZATION OF CANNABIS.**

23 (a) CANNABIS REMOVED FROM SCHEDULE OF CON-
24 TROLLED SUBSTANCES.—

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

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

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

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

1 judication of juvenile delinquency entered before, on,
2 or after the date of enactment of this Act.

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

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

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

9 (A) in paragraph (1)—

10 (i) in subparagraph (A)—

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

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

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

16 (ii) in subparagraph (B)—

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

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

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

22 (iii) in subparagraph (C), in the first
23 sentence, by striking “subparagraphs (A),
24 (B), and (D)” and inserting “subpara-
25 graphs (A) and (B)”;

1 (iv) by striking subparagraph (D);
2 (v) by redesignating subparagraph (E)
3 as subparagraph (D); and
4 (vi) in subparagraph (D)(i), as so re-
5 designated, by striking “subparagraphs (C)
6 and (D)” and inserting “subparagraph
7 (C)”;
8 (B) by striking paragraph (4); and
9 (C) by redesignating paragraphs (5), (6),
10 and (7) as paragraphs (4), (5), and (6), respec-
11 tively;
12 (3) in section 402(c)(2)(B) (21 U.S.C.
13 842(c)(2)(B)), by striking “, marihuana,”;
14 (4) in section 403(d)(1) (21 U.S.C. 843(d)(1)),
15 by striking “, marihuana,”;
16 (5) in section 418(a) (21 U.S.C. 859(a)), by
17 striking the last sentence;
18 (6) in section 419(a) (21 U.S.C. 860(a)), by
19 striking the last sentence;
20 (7) in section 422(d) (21 U.S.C. 863(d))—
21 (A) in the matter preceding paragraph (1),
22 by striking “marijuana,”; and
23 (B) in paragraph (5), by striking “, such
24 as a marihuana cigarette,”; and

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

4 (c) OTHER CONFORMING AMENDMENTS.—

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

9 (A) in section 15002(a) (16 U.S.C.
10 559b(a)) by striking “marijuana and other”;

11 (B) in section 15003(2) (16 U.S.C.
12 559c(2)) by striking “marijuana and other”;
13 and

14 (C) in section 15004(2) (16 U.S.C.
15 559d(2)) by striking “marijuana and other”.

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

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

21 (B) in subsection (2) by striking “mari-
22 huana”.

23 (3) FMCSA PROVISIONS.—

24 (A) CONFORMING AMENDMENT.—Section
25 31301(5) of title 49, United States Code, is

1 amended by striking “section 31306,” and in-
2 serting “sections 31306, 31306a, and sub-
3 sections (b) and (c) of section 31310,”.

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

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

9 (ii) by striking the period at the end
10 and inserting “; and

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

15 (C) DISQUALIFICATIONS.—Section
16 31310(b) of title 49, United States Code, is
17 amended by adding at the end the following:

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

21 (4) FAA PROVISIONS.—Section 45101 of title
22 49, United States Code, is amended—

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

25 “(A) any substance”; and

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

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

7 (5) FRA PROVISIONS.—Section 20140(a) of
8 title 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 “; and

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 (6) FTA PROVISIONS.—Section 5331(a)(1) 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 “; and

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 whose use
4 the Secretary of Transportation decides has a
5 risk to transportation safety.”.

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

13 (e) **EFFECT ON OTHER LAW.**—Nothing in this sub-
14 title shall affect or modify—

15 (1) the Federal Food, Drug, and Cosmetic Act
16 (21 U.S.C. 301 et seq.);

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

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

22 (A) under—

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

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

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

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

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

20 “(h) MARIJUANA.—

21 “(1) CONTINUED TESTING.—Notwithstanding
22 the Marijuana Opportunity Reinvestment and
23 Expungement Act of 2020 and the amendments
24 made thereby, the Secretary of Health and Human
25 Services may continue to include marijuana for pur-

1 poses of drug testing of Federal employees subject
2 to this section, Executive Order 12564, or other ap-
3 plicable Federal laws and orders.

4 “(2) DEFINITION.—The term ‘marijuana’ has
5 the meaning given to the term ‘marihuana’ in sec-
6 tion 102 of the Controlled Substances Act (21 6
7 U.S.C. 802) on the day before the date of enactment
8 of the Marijuana Opportunity Reinvestment and
9 Expungement Act of 2020.”.

10 **SEC. 4. DEMOGRAPHIC DATA OF CANNABIS BUSINESS OWN-**
11 **ERS AND EMPLOYEES.**

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

15 (1) individuals who are business owners in the
16 cannabis industry; and

17 (2) individuals who are employed in the can-
18 nabis industry.

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

21 (1) age;

22 (2) certifications and licenses;

23 (3) disability status;

24 (4) educational attainment;

25 (5) family and marital status;

- 1 (6) nativity;
- 2 (7) race and Hispanic ethnicity;
- 3 (8) school enrollment;
- 4 (9) veteran status; and
- 5 (10) sex.

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

10 (d) DEFINITIONS.—In this section:

11 (1) CANNABIS.—The term “cannabis” means
12 either marijuana or cannabis as defined under the
13 State law authorizing the sale or use of cannabis in
14 which the individual or entity is located.

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

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

1 **SEC. 5. CREATION OF OPPORTUNITY TRUST FUND AND IM-**
2 **POSITION OF TAXES WITH RESPECT TO CAN-**
3 **NABIS PRODUCTS.**

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

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

8 “(a) CREATION OF TRUST FUND.—There is estab-
9 lished in the Treasury of the United States a trust fund
10 to be known as the ‘Opportunity Trust Fund’ (referred
11 to in this section as the ‘Trust Fund’), consisting of such
12 amounts as may be appropriated or credited to such fund
13 as provided in this section or section 9602(b).

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

18 “(c) EXPENDITURES.—Amounts in the Trust Fund
19 shall be available, without further appropriation, only as
20 follows:

21 “(1) 50 percent to the Attorney General to
22 carry out section 3052(a) of part OO of the Omni-
23 bus Crime Control and Safe Streets Act of 1968.

24 “(2) 10 percent to the Attorney General to
25 carry out section 3052(b) of part OO of the Omni-
26 bus Crime Control and Safe Streets Act of 1968.

1 “(3) 20 percent to the Administrator of the
2 Small Business Administration to carry out section
3 6(b)(1) of the Marijuana Opportunity Reinvestment
4 and Expungement Act of 2020.

5 “(4) 20 percent to the Administrator of the
6 Small Business Administration to carry out section
7 6(b)(2) of the Marijuana Opportunity Reinvestment
8 and Expungement Act of 2020.”.

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

12 **“CHAPTER 56—CANNABIS PRODUCTS**

 “SUBCHAPTER A. TAX ON CANNABIS PRODUCTS

 “SUBCHAPTER B. OCCUPATIONAL TAX

 “SUBCHAPTER C. BOND AND PERMITS

 “SUBCHAPTER D. OPERATIONS

 “SUBCHAPTER E. PENALTIES

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

 “Sec. 5901. Imposition of tax.

 “Sec. 5902. Definitions.

 “Sec. 5903. Liability and method of payment.

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

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

14 **“SEC. 5901. IMPOSITION OF TAX.**

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

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

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

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

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

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

17 “(3) For any cannabis product removed during
18 the calendar year after the calendar year to which
19 paragraph (2) applies, 7 percent.

20 “(4) For any cannabis product removed during
21 the calendar year after the calendar year to which
22 paragraph (3) applies, 8 percent.

23 “(c) APPLICABLE EQUIVALENT AMOUNT.—

24 “(1) IN GENERAL.—For purposes of subsection
25 (a)(2), the term ‘applicable equivalent amount’

1 means, with respect to any cannabis product re-
2 moved during any calendar year, an amount equal
3 to—

4 “(A) in the case of any cannabis product
5 not described in subparagraph (B), the product
6 of the applicable rate per ounce multiplied by
7 the number of ounces of such product (and a
8 proportionate tax at the like rate on all frac-
9 tional parts of an ounce of such product), and

10 “(B) in the case of any THC-measurable
11 cannabis product, the product of the applicable
12 rate per gram multiplied by the number of
13 grams of tetrahydrocannabinol in such product
14 (and a proportionate tax at the like rate on all
15 fractional parts of a gram of
16 tetrahydrocannabinol in such product).

17 “(2) APPLICABLE RATES.—

18 “(A) IN GENERAL.—For purposes of para-
19 graph (1)(A), the term ‘applicable rate per
20 ounce’ means, with respect to any cannabis
21 product removed during any calendar year, 8
22 percent of the prevailing sales price of cannabis
23 flowers sold in the United States during the 12-
24 month period ending one calendar quarter be-

1 fore such calendar year, expressed on a per
2 ounce basis, as determined by the Secretary.

3 “(B) THC-MEASURABLE CANNABIS PROD-
4 UCTS.—For purposes of paragraph (1)(B), the
5 term ‘applicable rate per gram’ means, with re-
6 spect to any cannabis product removed during
7 any calendar year, 8 percent of the prevailing
8 sales price of tetrahydrocannabinol sold in the
9 United States during the 12-month period end-
10 ing one calendar quarter before such calendar
11 year, expressed on a per gram basis, as deter-
12 mined by the Secretary.

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

19 **“SEC. 5902. DEFINITIONS.**

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

22 “(1) CANNABIS PRODUCT.—

23 “(A) IN GENERAL.—Except as provided in
24 subparagraph (B), the term ‘cannabis product’

1 means any article which contains (or consists
2 of) cannabis.

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

6 “(C) FDA-APPROVED ARTICLE.—The term
7 ‘FDA-approved article’ means any article if the
8 producer or importer thereof demonstrates to
9 the satisfaction of the Secretary of Health and
10 Human Services that such article is—

11 “(i) a drug—

12 “(I) that is approved under sec-
13 tion 505 of the Federal Food, Drug,
14 and Cosmetic Act or licensed under
15 section 351 of the Public Health Serv-
16 ice Act, or

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

23 “(ii) a combination product (as de-
24 scribed in section 503(g) of the Federal
25 Food, Drug, and Cosmetic Act), the con-

1 stituent parts of which were approved or
2 cleared under section 505, 510(k), or 515
3 of such Act.

4 “(D) INDUSTRIAL HEMP.—The term ‘in-
5 dustrial hemp’ means the plant *Cannabis sativa*
6 L. and any part of such plant, whether growing
7 or not, with a delta-9 tetrahydrocannabinol con-
8 centration of not more than 0.3 percent on a
9 dry weight basis.

10 “(2) THC-MEASURABLE CANNABIS PRODUCT.—
11 The term ‘THC-measurable cannabis product’
12 means any cannabis product—

13 “(A) with respect to which the Secretary
14 has made a determination that the amount of
15 tetrahydrocannabinol in such product can be
16 measured with a high degree of accuracy, or

17 “(B) which is not cannabis flower and the
18 concentration of tetrahydrocannabinol in which
19 is significantly higher than the average such
20 concentration in cannabis flower.

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

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

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

4 “(2) PRODUCER.—

5 “(A) IN GENERAL.—The term ‘producer’
6 means any person who plants, cultivates, har-
7 vests, grows, manufactures, produces, com-
8 pounds, converts, processes, prepares, or pack-
9 ages any cannabis product.

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

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

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

23 “(B) removes cannabis products for sale or
24 consumption in the United States from a cus-
25 toms bonded warehouse, or

1 “(C) smuggles or otherwise unlawfully
2 brings any cannabis product into the United
3 States.

4 “(4) EXPORT WAREHOUSE PROPRIETOR.—

5 “(A) IN GENERAL.—The term ‘export
6 warehouse proprietor’ means any person who
7 operates an export warehouse.

8 “(B) EXPORT WAREHOUSE.—The term
9 ‘export warehouse’ means a bonded internal
10 revenue warehouse for the storage of cannabis
11 products, upon which the internal revenue tax
12 has not been paid—

13 “(i) for subsequent shipment to a for-
14 eign country or a possession of the United
15 States, or

16 “(ii) for consumption beyond the ju-
17 risdiction of the internal revenue laws of
18 the United States.

19 “(5) CANNABIS PRODUCTION FACILITY.—The
20 term ‘cannabis production facility’ means an estab-
21 lishment which is qualified under subchapter C to
22 perform any operation for which such qualification is
23 required under such subchapter.

24 “(c) OTHER DEFINITIONS.—For purposes of this
25 chapter—

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

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

5 “(A) the transfer of cannabis products
6 from the premises of a producer (or the trans-
7 fer of such products from the bonded premises
8 of a producer to a non-bonded premises of such
9 producer),

10 “(B) release of such products from cus-
11 toms custody, or

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

14 “(3) REMOVAL PRICE.—The term ‘removal
15 price’ means—

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

20 “(B) in the case of any such sale which is
21 described in section 5903(c), the price deter-
22 mined under such section, and

23 “(C) if there is no sale which occurs in
24 connection with such removal, the price which
25 would be determined under section 5903(c) if

1 such product were sold at a price which cannot
2 be determined.

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

4 “(a) LIABILITY FOR TAX.—

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

8 “(2) TRANSFER OF LIABILITY.—

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

13 “(i) except as provided in clause (ii),
14 the transferee shall become liable for the
15 tax upon receipt by the transferee of such
16 articles, and the transferor shall thereupon
17 be relieved of their liability for such tax,
18 and

19 “(ii) in the case of cannabis products
20 which are released in bond from customs
21 custody for transfer to the bonded prem-
22 ises of a producer, the transferee shall be-
23 come liable for the tax on such articles
24 upon release from customs custody, and

1 the importer shall thereupon be relieved of
2 their liability for such tax.

3 “(B) RETURNED TO BOND.—All provisions
4 of this chapter applicable to cannabis products
5 in bond shall be applicable to such articles re-
6 turned to bond upon withdrawal from the mar-
7 ket or returned to bond after previous removal
8 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 bonded 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 the filing of such additional
5 bonds, and upon compliance with such require-
6 ments, as the Secretary may prescribe for the
7 protection of the revenue. The Secretary may,
8 by regulations, require payment of tax on the
9 basis of a return prior to removal of the can-
10 nabis products where a person defaults in the
11 postponed payment of tax on the basis of a re-
12 turn under this subsection or regulations pre-
13 scribed thereunder.

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

18 “(2) TIME FOR PAYMENT OF TAXES.—

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

1 “(B) IMPORTED ARTICLES.—In the case of
2 cannabis products which 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 which is
4 shown to the satisfaction of the Secretary
5 to be destined for export.

6 “(C) CANNABIS PRODUCTS BROUGHT INTO
7 THE UNITED STATES FROM PUERTO RICO.—In
8 the case of cannabis products which are
9 brought into the United States from Puerto
10 Rico and subject to tax under section 7652, the
11 last day for payment of tax shall be the 14th
12 day after the last day of the semimonthly pe-
13 riod during which the article is brought into the
14 United 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 which is not a Saturday, Sunday, or such a hol-
23 iday.

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 filed the bond
4 and obtained the permit required under this
5 chapter, tax shall be due and payable imme-
6 diately upon production.

7 “(3) PAYMENT BY ELECTRONIC FUND TRANS-
8 FER.—Any person who in any 12-month period, end-
9 ing December 31, was liable for a gross amount
10 equal to or exceeding \$5,000,000 in taxes imposed
11 on cannabis products by section 5901 (or section
12 7652) shall pay such taxes during the succeeding
13 calendar year by electronic fund transfer (as defined
14 in section 5061(e)(2)) to a Federal Reserve Bank.
15 Rules similar to the rules of section 5061(e)(3) shall
16 apply to the \$5,000,000 amount specified in the pre-
17 ceding sentence.

18 “(c) DETERMINATION OF PRICE.—

19 “(1) CONSTRUCTIVE SALE PRICE.—

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

1 shall be computed on the price for which such
2 articles are sold, in the ordinary course of
3 trade, by producers thereof, as determined by
4 the Secretary.

5 “(B) ARM’S LENGTH.—

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

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

14 “(II) the parties are members of
15 a family, as defined in section
16 267(c)(4), or

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

20 “(ii) CONTROLLED GROUPS.—

21 “(I) IN GENERAL.—The term
22 ‘controlled group’ has the meaning
23 given to such term by subsection (a)
24 of section 1563, except that ‘more
25 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 WHICH 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 be included any charge for coverings and
16 containers of whatever nature, and any charge inci-
17 dent to placing the article in condition packed ready
18 for shipment, but there shall be excluded the amount
19 of tax imposed by this chapter, whether or not stat-
20 ed as a separate charge. A transportation, delivery,
21 insurance, installation, or other charge (not required
22 by the preceding sentence to be included) shall be
23 excluded from the price only if the amount thereof
24 is established to the satisfaction of the Secretary in
25 accordance with regulations.

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

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

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

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

13 “(B) a conditional sale, or

14 “(C) a chattel mortgage arrangement
15 wherein it is provided that the sales price shall
16 be paid in installments,

17 there shall be paid upon each payment with respect
18 to the article a percentage of such payment equal to
19 the rate of tax in effect on the date such payment
20 is due.

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

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

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

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

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

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

21 “(i) the proportionate share of the
22 amount for which such accounts are sold
23 which is allocable to each unpaid install-
24 ment payment, by

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

4 The sum of the amounts payable under this
5 subsection in respect of the sale of any article
6 shall not exceed the total tax.

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

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

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

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

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

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

3 “(b) CANNABIS PRODUCTS TRANSFERRED OR RE-
4 MOVED IN BOND FROM DOMESTIC FACTORIES AND EX-
5 PORT WAREHOUSES.—

6 “(1) IN GENERAL.—Subject to such regulations
7 and under such bonds as the Secretary shall pre-
8 scribe, a producer or export warehouse proprietor
9 may transfer cannabis products, without payment of
10 tax, to the bonded premises of another producer or
11 export warehouse proprietor, or remove such articles,
12 without payment of tax, for shipment to a foreign
13 country or a possession of the United States, or for
14 consumption beyond the jurisdiction of the internal
15 revenue laws of the United States.

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

20 “(c) CANNABIS PRODUCTS RELEASED IN BOND
21 FROM CUSTOMS CUSTODY.—Cannabis products imported
22 or brought into the United States may be released from
23 customs custody, without payment of tax, for delivery to
24 a producer or export warehouse proprietor if such articles
25 are not put up in packages, in accordance with such regu-

1 lations and under such bond as the Secretary shall pre-
2 scribe.

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 Marijuana Opportunity Reinvest-
9 ment and Expungement Act of 2020, may be released
10 from customs custody, without payment of that part of
11 the duty attributable to the internal revenue tax for deliv-
12 ery to the original producer of such cannabis products or
13 to the export warehouse proprietor authorized by such pro-
14 ducer to receive such products, in accordance with such
15 regulations and under such bond as the Secretary shall
16 prescribe. Upon such release such products shall be sub-
17 ject to this chapter as if they had not been exported or
18 otherwise removed from internal revenue bond.

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

20 “(a) CREDIT OR REFUND.—

21 “(1) IN GENERAL.—Credit or refund of any tax
22 imposed by this chapter or section 7652 shall be al-
23 lowed or made (without interest) to the cannabis en-
24 terprise on proof satisfactory to the Secretary that

1 the claimant cannabis enterprise has paid the tax
2 on—

3 “(A) cannabis products withdrawn from
4 the market by the claimant, or

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

9 “(2) CANNABIS PRODUCTS LOST OR DE-
10 STROYED IN BOND.—

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

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

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

1 “(iii) in the case of an unexplained
2 shortage of cannabis products.

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

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

24 “(D) LIMITATIONS.—Except as provided in
25 subparagraph (E), no tax shall be abated, re-

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

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

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

24 “(4) LIMITATION.—Any claim for credit or re-
25 fund of tax under this subsection shall be filed with-

1 in 6 months after the date of the withdrawal from
2 the market, loss, or destruction of the products to
3 which the claim relates, and shall be in such form
4 and contain such information as the Secretary shall
5 by regulations prescribe.

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

11 **“Subchapter B—Occupational Tax**

“Sec. 5911. Imposition and rate of tax.

“Sec. 5912. Payment of tax.

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

“Sec. 5914. Application to State laws.

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

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

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

1 **“SEC. 5912. PAYMENT OF TAX.**

2 “(a) **CONDITION PRECEDENT TO CARRYING ON**
3 **BUSINESS.**—No person shall be engaged in or carry on
4 any trade or business subject to the occupational tax until
5 such person has paid such tax.

6 “(b) **COMPUTATION.**—

7 “(1) **IN GENERAL.**—The occupational tax shall
8 be imposed—

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

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

13 “(2) **PERIOD.**—In the case of a tax imposed
14 under subparagraph (A) of paragraph (1), the occu-
15 pational tax shall be reckoned for 1 year, and in the
16 case of subparagraph (B) of such paragraph, it shall
17 be reckoned proportionately, from the first day of
18 the month in which the liability to such tax com-
19 menced, to and including the 30th day of June fol-
20 lowing.

21 “(c) **METHOD OF PAYMENT.**—

22 “(1) **PAYMENT BY RETURN.**—The occupational
23 tax shall be paid on the basis of a return under such
24 regulations as the Secretary shall prescribe.

25 “(2) **STAMP DENOTING PAYMENT OF TAX.**—
26 After receiving a properly executed return and re-

1 tax for the storage of cannabis products at a loca-
2 tion other than the place where such products are
3 sold or offered for sale.

4 “(3) PLACE.—

5 “(A) IN GENERAL.—For purposes of this
6 section, the term ‘place’ means the entire office,
7 plant or area of the business in any one loca-
8 tion under the same proprietorship.

9 “(B) DIVISIONS.—For purposes of this
10 paragraph, any passageways, streets, highways,
11 rail crossings, waterways, or partitions dividing
12 the premises shall not be deemed sufficient sep-
13 aration to require an additional occupational
14 tax, if the various divisions are otherwise con-
15 tiguous.

16 “(d) DEATH OR CHANGE OF LOCATION.—

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

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

3 “(A) The surviving spouse or child, or ex-
4 ecutor or administrator or other legal represent-
5 ative, of a deceased taxpayer.

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

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

10 “(D) The partner or partners remaining
11 after death or withdrawal of a member of a
12 partnership.

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

1 “(e) FEDERAL AGENCIES OR INSTRUMENTAL-
2 ITIES.—Any tax imposed by this subchapter shall apply
3 to any agency or instrumentality of the United States un-
4 less such agency or instrumentality is granted by statute
5 a specific exemption from such tax.

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

7 “The payment of any tax imposed by this subchapter
8 for carrying on any trade or business shall not be held
9 to—

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

17 “(2) prohibit any State from placing a duty or
18 tax on the same trade or business, for State or other
19 purposes.

20 **“Subchapter C—Bond and Permits**

“Sec. 5921. Establishment and bond.

“Sec. 5922. Application for permit.

“Sec. 5923. Permit.

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

22 “(a) PROHIBITION ON PRODUCTION OUTSIDE OF
23 BONDED CANNABIS PRODUCTION FACILITY.—

1 “(1) IN GENERAL.—Except as authorized by
2 the Secretary or on the bonded premises of a can-
3 nabis production facility duly authorized to produce
4 cannabis products according to law, no cannabis
5 product may planted, cultivated, harvested, grown,
6 manufactured, produced, compounded, converted,
7 processed, prepared, or packaged in any building or
8 on any premises.

9 “(2) AUTHORIZED PRODUCERS ONLY.—No per-
10 son other than a producer which has filed the bond
11 required under subsection (b) and received a permit
12 described in section 5923 may produce any cannabis
13 product.

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

18 “(b) BOND.—

19 “(1) WHEN REQUIRED.—Every person, before
20 commencing business as a producer or an export
21 warehouse proprietor, shall file such bond, condi-
22 tioned upon compliance with this chapter and regu-
23 lations issued thereunder, in such form, amount, and
24 manner as the Secretary shall by regulation pre-
25 scribe. A new or additional bond may be required

1 whenever the Secretary considers such action nec-
2 essary for the protection of the revenue.

3 “(2) APPROVAL OR DISAPPROVAL.—No person
4 shall engage in such business until he receives notice
5 of approval of such bond. A bond may be dis-
6 approved, upon notice to the principal on the bond,
7 if the Secretary determines that the bond is not ade-
8 quate to protect the revenue.

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

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

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

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

4 “(2) such person (including, in the case of a
5 corporation, any officer, director, or principal stock-
6 holder and, in the case of a partnership, a part-
7 ner)—

8 “(A) is, by reason of their business experi-
9 ence, financial standing, or trade connections or
10 by reason of previous or current legal pro-
11 ceedings involving a felony violation of any
12 other provision of Federal or State criminal law
13 relating to cannabis or cannabis products, not
14 likely to maintain operations in compliance with
15 this chapter, or

16 “(B) has failed to disclose any material in-
17 formation required or made any material false
18 statement in the application therefor.

19 **“SEC. 5923. PERMIT.**

20 “(a) ISSUANCE.—A person shall not engage in busi-
21 ness as a cannabis enterprise without a permit to engage
22 in such business. Such permit, conditioned upon compli-
23 ance with this chapter and regulations issued thereunder,
24 shall be issued in such form and in such manner as the
25 Secretary shall by regulation prescribe. A new permit may

1 be required at such other time as the Secretary shall by
2 regulation prescribe.

3 “(b) SUSPENSION OR REVOCATION.—

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

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

10 “(B) has violated the conditions of such
11 permit,

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

15 “(D) has failed to maintain their premises
16 in such manner as to protect the revenue, or

17 “(E) is, by reason of previous or current
18 legal proceedings involving a felony violation of
19 any other provision of Federal or State criminal
20 law relating to cannabis, not likely to maintain
21 operations in compliance with this chapter,

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

1 manner and form, and to include such items, as the
2 Secretary shall by regulation prescribe, with such in-
3 ventories to be subject to verification by any internal
4 revenue officer,

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

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

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

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

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

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

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

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

9 “(1) for experimental purposes, or

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

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

16 “(a) RESTRICTION.—No person shall—

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

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

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

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

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

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

23 “(c) LIABILITY TO TAX.—Any person who possesses
24 cannabis products in violation of paragraph (1) or (2) of

1 subsection (a) shall be liable for a tax equal to the tax
2 on such articles.

3 **“SEC. 5934. RESTRICTIONS RELATING TO MARKS, LABELS,**
4 **NOTICES, AND PACKAGES.**

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

10 **“SEC. 5935. RESTRICTION ON IMPORTATION OF PRE-**
11 **VIOUSLY EXPORTED CANNABIS PRODUCTS.**

12 “(a) EXPORT LABELED CANNABIS PRODUCTS.—

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

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

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

1 turned to the original producer of such article
2 as provided in section 5904(c), and

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

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

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

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

5 **“Subchapter E—Penalties**

“Sec. 5941. Civil penalties.

“Sec. 5942. Criminal penalties.

6 **“SEC. 5941. CIVIL PENALTIES.**

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

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

23 “(c) SALE OF CANNABIS OR CANNABIS PRODUCTS
24 FOR EXPORT.—

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

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

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

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

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

22 “(e) CROSS REFERENCES.—For penalty for failure to
23 make deposits or for overstatement of deposits, see section
24 6656.

1 **“SEC. 5942. CRIMINAL PENALTIES.**

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

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

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

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

15 “(4) sells or otherwise transfers, contrary to
16 this chapter or regulations thereunder, any cannabis
17 products subject to tax under this chapter, or

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

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

24 “(B) which, without payment of tax pursu-
25 ant to section 5904, have been diverted from

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

3 shall, for each such offense, be fined not more than
4 \$10,000, or imprisoned not more than 5 years, or both.

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

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

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

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

21 (d) ANNUAL REPORTS REGARDING DETERMINATION
22 OF APPLICABLE RATES.—Not later than 6 months before
23 the beginning of each calendar year to which section
24 5901(a)(2) of the Internal Revenue Code of 1986 (as
25 added by this section) applies, the Secretary of the Treas-

1 ury, or the Secretary’s delegate, shall make publicly avail-
2 able a detailed description of the methodology which the
3 Secretary anticipates using to determine the applicable
4 rate per ounce and the applicable rate per gram which
5 will apply for such calendar year under section 5901(e)(2)
6 of such Code.

7 (e) CONFORMING AMENDMENTS.—

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

12 (2) The table of chapters for subtitle E of such
13 Code is amended by adding at the end the following
14 new item:

“CHAPTER 56. CANNABIS PRODUCTS”.

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

“Sec. 9512. Opportunity Trust Fund.”.

18 (f) EFFECTIVE DATE.—

19 (1) IN GENERAL.—Except as otherwise pro-
20 vided in this subsection, the amendments made by
21 this section shall apply to removals, and applications
22 for permits under section 5922 of the Internal Rev-
23 enue Code of 1986 (as added by subsection (b)),

1 after 180 days after the date of the enactment of
2 this Act.

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

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

7 (a) CANNABIS JUSTICE OFFICE; COMMUNITY REIN-
8 VESTMENT GRANT PROGRAM.—

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

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

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

17 “(b) DIRECTOR.—The Cannabis Justice Office shall
18 be headed by a Director who shall be appointed by the
19 Assistant Attorney General for the Office of Justice Pro-
20 grams. The Director shall report to the Assistant Attorney
21 General for the Office of Justice Programs. The Director
22 shall award grants and may enter into compacts, coopera-
23 tive agreements, and contracts on behalf of the Cannabis
24 Justice Office. The Director may not engage in any em-
25 ployment other than that of serving as the Director, nor

1 may the Director hold any office in, or act in any capacity
2 for, any organization, agency, or institution with which the
3 Office makes any contract or other arrangement.

4 “(c) EMPLOYEES.—

5 “(1) IN GENERAL.—The Director shall employ
6 as many full-time employees as are needed to carry
7 out the duties and functions of the Cannabis Justice
8 Office under subsection (d). Such employees shall be
9 exclusively assigned to the Cannabis Justice Office.

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

13 “(A) hire no less than one-third of the
14 total number of employees of the Cannabis Jus-
15 tice Office; and

16 “(B) no more than one-half of the employ-
17 ees assigned to the Cannabis Justice Office by
18 term appointment that may after 2 years be
19 converted to career appointment.

20 “(3) LEGAL COUNSEL.—At least one employee
21 hired for the Cannabis Justice Office shall serve as
22 legal counsel to the Director and shall provide coun-
23 sel to the Cannabis Justice Office.

24 “(d) DUTIES AND FUNCTIONS.—The Cannabis Jus-
25 tice Office is authorized to—

1 “(1) administer the Community Reinvestment
2 Grant Program; and

3 “(2) perform such other functions as the Assist-
4 ant Attorney General for the Office of Justice Pro-
5 grams may delegate, that are consistent with the
6 statutory obligations of this section.”.

7 (2) COMMUNITY REINVESTMENT GRANT PRO-
8 GRAM.—Title I of the Omnibus Crime Control and
9 Safe Streets Act of 1968 (34 U.S.C. et seq.) is
10 amended by adding at the end the following:

11 **“PART OO—COMMUNITY REINVESTMENT GRANT**
12 **PROGRAM**

13 **“SEC. 3052. AUTHORIZATION.**

14 “(a) IN GENERAL.—The Director of the Cannabis
15 Justice Office shall establish and carry out a grant pro-
16 gram, known as the ‘Community Reinvestment Grant Pro-
17 gram’, to provide eligible entities with funds to administer
18 services for individuals adversely impacted by the War on
19 Drugs, including—

20 “(1) job training;

21 “(2) reentry services;

22 “(3) legal aid for civil and criminal cases, in-
23 cluding expungement of cannabis convictions;

24 “(4) literacy programs;

1 “(5) youth recreation or mentoring programs;
2 and
3 “(6) health education programs.

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

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

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

19 **“SEC. 3054. DEFINITIONS.**

20 “In this part:

21 “(1) The term ‘cannabis conviction’ means a
22 conviction, or adjudication of juvenile delinquency,
23 for a cannabis offense (as such term is defined in
24 section 13 of the Marijuana Opportunity Reinvest-
25 ment and Expungement Act of 2020).

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

8 “(3) The term ‘individuals adversely impacted
9 by the War on Drugs’ has the meaning given that
10 term in section 6 of the Marijuana Opportunity Re-
11 investment and Expungement Act of 2020’.”.

12 (b) CANNABIS OPPORTUNITY PROGRAM; EQUITABLE
13 LICENSING GRANT PROGRAM.—

14 (1) CANNABIS OPPORTUNITY PROGRAM.—The
15 Administrator of the Small Business Administration
16 shall establish and carry out a program, to be known
17 as the “Cannabis Opportunity Program” to provide
18 any eligible State or locality funds to make loans
19 under section 7(m) of the Small Business Act (15
20 U.S.C. 363(m)) to assist small business concerns
21 owned and controlled by socially and economically
22 disadvantaged individuals, as defined in section
23 8(d)(3)(C) of the Small Business Act (15 U.S.C.
24 637(d)(3)(C)) that operate in the cannabis industry.

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

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

12 (A) A waiver of cannabis license applica-
13 tion fees for individuals who have had an in-
14 come below 250 percent of the Federal Poverty
15 Level for at least 5 of the past 10 years who
16 are first-time applicants.

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

22 (C) A prohibition on criminal conviction re-
23 strictions for licensing except with respect to a
24 conviction related to owning and operating a
25 business.

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

7 (E) The establishment of a cannabis li-
8 censing board that is reflective of the racial,
9 ethnic, economic, and gender composition of the
10 State or locality, to serve as an oversight body
11 of the equitable licensing program.

12 (3) DEFINITIONS.—In this subsection:

13 (A) The term “individual adversely im-
14 pacted by the War on Drugs” means an indi-
15 vidual—

16 (i) who has had an income below 250
17 percent of the Federal Poverty Level for at
18 least 5 of the past 10 years; and

19 (ii) has been arrested for or convicted
20 of the sale, possession, use, manufacture,
21 or cultivation of cannabis (except for a
22 conviction involving distribution to a
23 minor), or whose parent, sibling, spouse, or
24 child has been arrested for or convicted of
25 such an offense.

1 (B) The term “eligible State or locality”
2 means a State or locality that has taken steps
3 to—

4 (i) create an automatic process, at no
5 cost to the individual, for the
6 expungement, destruction, or sealing of
7 criminal records for cannabis offenses; and

8 (ii) eliminate violations or other pen-
9 alties for persons under parole, probation,
10 pre-trial, or other State or local criminal
11 supervision for a cannabis offense.

12 (C) The term “State” means each of the
13 several States, the District of Columbia, Puerto
14 Rico, any territory or possession of the United
15 States, and any Indian Tribe (as defined in sec-
16 tion 201 of Public Law 90–294 (25 U.S.C.
17 1301) (commonly known as the “Indian Civil
18 Rights Act of 1968”)).

19 **SEC. 7. AVAILABILITY OF SMALL BUSINESS ADMINISTRA-**
20 **TION PROGRAMS AND SERVICES TO CAN-**
21 **NABIS-RELATED LEGITIMATE BUSINESSES**
22 **AND SERVICE PROVIDERS.**

23 (a) DEFINITIONS RELATING TO CANNABIS-RELATED
24 LEGITIMATE BUSINESSES AND SERVICE PROVIDERS.—
25 Section 3 of the Small Business Act (15 U.S.C. 632) is

1 amended by adding at the end the following new sub-
2 section:

3 “(ff) CANNABIS-RELATED LEGITIMATE BUSINESSES
4 AND SERVICE PROVIDERS.—In this Act:

5 “(1) CANNABIS.—The term ‘cannabis’—

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

12 “(B) does not include—

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

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

24 “(iii) any drug product approved
25 under section 505 of the Federal Food,

1 Drug, and Cosmetic Act, or biological
2 product licensed under section 351 of the
3 Public Health Service Act.

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

9 “(A) engages in any activity described in
10 subparagraph (B) pursuant to a law established
11 by a State or a political subdivision of a State,
12 as determined by such State or political sub-di-
13 vision; and

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

20 “(3) SERVICE PROVIDER.—The term ‘service
21 provider’—

22 “(A) means a business, organization, or
23 other person that—

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

1 “(ii) provides any business services,
2 including the sale or lease of real or any
3 other property, legal or other licensed serv-
4 ices, or any other ancillary service, relating
5 to cannabis; and

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

14 (b) SMALL BUSINESS DEVELOPMENT CENTERS.—
15 Section 21(c) of the Small Business Act (15 U.S.C.
16 648(c)) is amended by adding at the end the following new
17 paragraph:

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

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

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

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

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

21 “(h) SERVICES FOR CANNABIS-RELATED LEGITI-
22 MATE BUSINESSES AND SERVICE PROVIDERS.—A Vet-
23 eran Business Outreach Center may not decline to provide
24 services to an otherwise eligible small business concern

1 under this section solely because such concern is a can-
2 nabis-related legitimate business or service provider.”.

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

6 “(36) LOANS TO CANNABIS-RELATED LEGITI-
7 MATE BUSINESSES AND SERVICE PROVIDERS.—The
8 Administrator may not decline to provide a guar-
9 antee for a loan under this subsection to an other-
10 wise eligible small business concern solely because
11 such concern is a cannabis-related legitimate busi-
12 ness or service provider.”.

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

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

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

1 “(14) ASSISTANCE TO CANNABIS-RELATED LE-
2 GITIMATE BUSINESSES AND SERVICE PROVIDERS.—
3 An eligible intermediary may not decline to provide
4 assistance under this subsection to an otherwise eli-
5 gible borrower solely because such borrower is a can-
6 nabis-related legitimate business or service pro-
7 vider.”.

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

12 **“SEC. 511. LOANS TO CANNABIS-RELATED LEGITIMATE**
13 **BUSINESSES AND SERVICE PROVIDERS.**

14 “The Administrator may not decline to provide a
15 guarantee for a loan under this title to an otherwise eligi-
16 ble State or local development company solely because
17 such State or local development company provides financ-
18 ing to an entity that is a cannabis-related legitimate busi-
19 ness or service provider (as defined in section 3(ff) of the
20 Small Business Act).”.

21 **SEC. 8. NO DISCRIMINATION IN THE PROVISION OF A FED-**
22 **ERAL PUBLIC BENEFIT ON THE BASIS OF**
23 **CANNABIS.**

24 (a) IN GENERAL.—No person may be denied any
25 Federal public benefit (as such term is defined in section

1 401(c) of the Personal Responsibility and Work Oppor-
2 tunity Reconciliation Act of 1996 (8 U.S.C. 1611(e)) on
3 the basis of any use or possession of cannabis, or on the
4 basis of a conviction or adjudication of juvenile delin-
5 quency for a cannabis offense, by that person.

6 (b) SECURITY CLEARANCES.—Federal agencies may
7 not use past or present cannabis or marijuana use as cri-
8 teria for granting, denying, or rescinding a security clear-
9 ance.

10 **SEC. 9. NO ADVERSE EFFECT FOR PURPOSES OF THE IMMI-**
11 **GRATION LAWS.**

12 (a) IN GENERAL.—For purposes of the immigration
13 laws (as such term is defined in section 101 of the Immi-
14 gration and Nationality Act), cannabis may not be consid-
15 ered a controlled substance, and an alien may not be de-
16 nied any benefit or protection under the immigration laws
17 based on any event, including conduct, a finding, an ad-
18 mission, addiction or abuse, an arrest, a juvenile adjudica-
19 tion, or a conviction, relating to cannabis, regardless of
20 whether the event occurred before, on, or after the effec-
21 tive date of this Act.

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

23 (1) means all parts of the plant *Cannabis sativa*
24 L., whether growing or not; the seeds thereof; the
25 resin extracted from any part of such plant; and

1 every compound, manufacture, salt, derivative, mix-
2 ture, or preparation of such plant, its seeds or resin;
3 and

4 (2) does not include—

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

7 (B) the mature stalks of such plant, fiber
8 produced from such stalks, oil or cake made
9 from the seeds of such plant, any other com-
10 pound, manufacture, salt, derivative, mixture,
11 or preparation of such mature stalks (except
12 the resin extracted therefrom), fiber, oil, or
13 cake, or the sterilized seed of such plant which
14 is incapable of germination; or

15 (C) any drug product approved under sec-
16 tion 505 of the Federal Food, Drug, and Cos-
17 metic Act, or biological product licensed under
18 section 351 of the Public Health Service Act.

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

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

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

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

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

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

15 (6) in section 210(c)(2)(B)(ii)(III) by striking
16 “, except for so much of such paragraph as relates
17 to a single offense of simple possession of 30 grams
18 or less of marihuana”; and

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

1 **SEC. 10. RESENTENCING AND EXPUNGEMENT.**

2 (a) EXPUNGEMENT OF FEDERAL CANNABIS OF-
3 FENSE CONVICTIONS FOR INDIVIDUALS NOT UNDER A
4 CRIMINAL JUSTICE SENTENCE.—

5 (1) IN GENERAL.—Not later than 1 year after
6 the date of the enactment of this Act, each Federal
7 district shall conduct a comprehensive review and
8 issue an order expunging each conviction or adju-
9 dication of juvenile delinquency for a Federal can-
10 nabis offense entered by each Federal court in the
11 district before the date of enactment of this Act and
12 on or after May 1, 1971. Each Federal court shall
13 also issue an order expunging any arrests associated
14 with each expunged conviction or adjudication of ju-
15 venile delinquency.

16 (2) NOTIFICATION.—To the extent practicable,
17 each Federal district shall notify each individual
18 whose arrest, conviction, or adjudication of delin-
19 quency has been expunged pursuant to this sub-
20 section that their arrest, conviction, or adjudication
21 of juvenile delinquency has been expunged, and the
22 effect of such expungement.

23 (3) RIGHT TO PETITION COURT FOR
24 EXPUNGEMENT.—At any point after the date of en-
25 actment of this Act, any individual with a prior con-
26 viction or adjudication of juvenile delinquency for a

1 Federal cannabis offense, who is not under a crimi-
2 nal justice sentence, may file a motion for
3 expungement. If the expungement of such a convic-
4 tion or adjudication of juvenile delinquency is re-
5 quired pursuant to this Act, the court shall expunge
6 the conviction or adjudication, and any associated
7 arrests. If the individual is indigent, counsel shall be
8 appointed to represent the individual in any pro-
9 ceedings under this subsection.

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

15 (b) SENTENCING REVIEW FOR INDIVIDUALS UNDER
16 A CRIMINAL JUSTICE SENTENCE.—

17 (1) IN GENERAL.—For any individual who is
18 under a criminal justice sentence for a Federal can-
19 nabis offense, the court that imposed the sentence
20 shall, on motion of the individual, the Director of
21 the Bureau of Prisons, the attorney for the Govern-
22 ment, or the court, conduct a sentencing review
23 hearing. If the individual is indigent, counsel shall
24 be appointed to represent the individual in any sen-
25 tencing review proceedings under this subsection.

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

4 (A) expunge each conviction or adjudica-
5 tion of juvenile delinquency for a Federal can-
6 nabis offense entered by the court before the
7 date of enactment of this Act, and any associ-
8 ated arrest;

9 (B) vacate the existing sentence or disposi-
10 tion of juvenile delinquency and, if applicable,
11 impose any remaining sentence or disposition of
12 juvenile delinquency on the individual as if this
13 Act, and the amendments made by this Act,
14 were in effect at the time the offense was com-
15 mitted; and

16 (C) order that all records related to a con-
17 viction or adjudication of juvenile delinquency
18 that has been expunged or a sentence or dis-
19 position of juvenile delinquency that has been
20 vacated under this Act be sealed and only be
21 made available by further order of the court.

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

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

3 (2) shall be immune from any civil or criminal
4 penalties related to perjury, false swearing, or false
5 statements, for a failure to disclose such arrest, con-
6 viction, or adjudication.

7 (d) DEFINITIONS.—In this section:

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

11 (2) The term “expunge” means, with respect to
12 an arrest, a conviction, or a juvenile delinquency ad-
13 judication, the removal of the record of such arrest,
14 conviction, or adjudication from each official index
15 or public record.

16 (3) The term “under a criminal justice sen-
17 tence” means, with respect to an individual, that the
18 individual is serving a term of probation, parole, su-
19 pervised release, imprisonment, official detention,
20 pre-release custody, or work release, pursuant to a
21 sentence or disposition of juvenile delinquency im-
22 posed on or after the effective date of the Controlled
23 Substances Act (May 1, 1971).

24 (e) STUDY.—The Comptroller General of the United
25 States, in consultation with the Secretary of Health and

1 Human Services, shall conduct a demographic study of in-
2 dividuals convicted of a Federal cannabis offense. Such
3 study shall include information about the age, race, eth-
4 nicity, sex, and gender identity of those individuals, the
5 type of community such users dwell in, and such other
6 demographic information as the Comptroller General de-
7 termines should be included.

8 (f) REPORT.—Not later than 2 years after the date
9 of the enactment of this Act, the Comptroller General of
10 the United States shall report to Congress the results of
11 the study conducted under subsection (e).

12 **SEC. 11. REFERENCES IN EXISTING LAW TO MARIJUANA OR**
13 **MARIHUANA.**

14 Wherever, in the statutes of the United States or in
15 the rulings, regulations, or interpretations of various ad-
16 ministrative bureaus and agencies of the United States—

17 (1) there appears or may appear the term
18 “marihuana” or “marijuana”, that term shall be
19 struck and the term “cannabis” shall be inserted;
20 and

21 (2) there appears or may appear the term
22 “Marihuana” or “Marijuana”, that term shall be
23 struck and the term “Cannabis” shall be inserted.

1 **SEC. 12. SEVERABILITY.**

2 If any provision of this Act or an amendment made
3 by this Act, or any application of such provision to any
4 person or circumstance, is held to be unconstitutional, the
5 remainder of this Act, the amendments made by this Act,
6 and the application of this Act and the amendments made
7 by this Act to any other person or circumstance shall not
8 be affected.

9 **SEC. 13. CANNABIS OFFENSE DEFINED.**

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

12 (1) that, under Federal law, is no longer pun-
13 ishable pursuant to this Act or the amendments
14 made under this Act; or

15 (2) that, under State law, is no longer an of-
16 fense or that was designated a lesser offense or for
17 which the penalty was reduced under State law pur-
18 suant to or following the adoption of a State law au-
19 thORIZING the sale or use of cannabis.

20 **SEC. 14. RULEMAKING.**

21 Unless otherwise provided in this Act, not later than
22 1 year after the date of enactment of this Act, the Depart-
23 ment of the Treasury, the Department of Justice, and the
24 Small Business Administration shall issue or amend any
25 rules, standard operating procedures, and other legal or
26 policy guidance necessary to carry out implementation of

1 this Act. After the 1-year period, any publicly issued sub-
2 regulatory guidance, including any compliance guides,
3 manuals, advisories and notices, may not be issued with-
4 out 60-day notice to appropriate congressional commit-
5 tees. Notice shall include a description and justification
6 for additional guidance.

7 **SEC. 15. SOCIETAL IMPACT OF MARIJUANA LEGALIZATION**
8 **STUDY.**

9 The Comptroller General of the United States shall,
10 not later than 2 years after the date of enactment of this
11 Act, provide to Congress a study that addresses the soci-
12 etal impact of the legalization of recreational cannabis by
13 States, including—

- 14 (1) sick days reported to employers;
- 15 (2) workers compensations claims;
- 16 (3) tax revenue remitted to States resulting
17 from legal marijuana sales;
- 18 (4) changes in government spending related to
19 enforcement actions and court proceedings;
- 20 (5) Federal welfare assistance applications;
- 21 (6) rate of arrests related to methamphetamine
22 possession;
- 23 (7) hospitalization rates related to methamphet-
24 amine and narcotics use;

1 (8) uses of marijuana and its byproducts for
2 medical purposes;

3 (9) arrest rates of individuals driving under the
4 influence or driving while intoxicated by marijuana;:

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6 (10) traffic-related deaths and injuries where
7 the driver is impaired by marijuana;

8 (11) arrest of minors for marijuana-related
9 charges;

10 (12) violent crime rates;

11 (13) school suspensions, expulsions, and law en-
12 forcement referrals that are marijuana-related;

13 (14) high school dropout rates;

14 (15) changes in district-wide and State-wide
15 standardized test scores;

16 (16) marijuana-related hospital admissions and
17 poison control calls;

18 (17) marijuana-related juvenile admittances
19 into substance rehabilitation facilities and mental
20 health clinics;

21 (18) diversion of marijuana into neighboring
22 States and drug seizures in neighboring States;

23 (19) marijuana plants grown on public lands in
24 contravention to Federal and State laws; and

1 (20) court filings under a State's organized
2 crime statutes.

